



CANWEST GLOBAL COMMUNICATIONS CORP.

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ANNUAL REPORT 1999



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# CanWest

GLOBAL COMMUNICATIONS CORP.'S ROOTS BEGAN IN BROADCASTING OVER 20 YEARS AGO.

LOOK MORE CLOSELY AT CANWEST TODAY AND YOU WILL FIND A LEADING MEDIA COMPANY THAT

HAS BECOME A SIGNIFICANT PLAYER IN THE INTERNATIONAL ARENA. CANWEST IS DEDICATED TO

PROVIDING AUDIENCES AND ADVERTISERS WITH THE BEST AVAILABLE INFORMATION AND

ENTERTAINMENT PROGRAMMING. WE ARE ALSO COMMITTED TO PRODUCING THE HIGHEST

QUALITY INTERNATIONAL AND DOMESTIC PROGRAMMING IN THE COUNTRIES WHERE WE HAVE

OPERATIONS. WE'RE OPTIMISTIC ABOUT OUR FUTURE. AS WE CONTINUE TO EXPAND OUR

GEOGRAPHIC REACH AND PRODUCT DEPTH, OUR MISSION IS SIMPLE – IF YOU CAN WATCH IT,

HEAR IT OR DOWNLOAD IT, WE WANT TO BE THE SOURCE.

# Global



# CanWest at a Glance

FISCAL 1999 REALIZED THE DEVELOPMENT OF SEVERAL GROWTH STRATEGIES AND THE IMPLEMENTATION OF LONG-TERM INITIATIVES WHICH WILL PLACE CANWEST IN A STRONG POSITION AS WE ENTER A NEW MILLENNIUM. IN JUNE 1999, CANWEST ANNOUNCED THE APPOINTMENT OF LEONARD ASPER AS PRESIDENT AND CHIEF EXECUTIVE OFFICER. THE ANNOUNCEMENT MARKED THE COMPLETION OF A LONG-PLANNED SUCCESSION STRATEGY. PETER VINER, PAST PRESIDENT AND CHIEF EXECUTIVE OFFICER, MOVED TO THE POSITION OF VICE-CHAIRMAN. THE NEW POSITIONS BECAME EFFECTIVE SEPTEMBER 1, 1999.

## Television Broadcasting

- ▶ TV3, the Republic of Ireland's first independent national television network, launches September 20, 1998.
- ▶ Global Television is the first North American broadcaster to offer virtual advertising.
- ▶ TV3 New Zealand becomes host broadcaster for the Millennium celebrations. Television history will be made as the broadcast will reach an estimated 1 billion viewers.
- ▶ Global Television in Canada and TV3 Ireland offered a \$500,000 airtime gift to the tourism commissions in each country.
- ▶ Network TEN creates an online partnership with Village Roadshow, Australia's largest cinema, FM radio and theme park operator.
- ▶ TV3 becomes New Zealand's leading free-to-air sports broadcaster.
- ▶ TV3 Ireland launches weekday morning program, *ireland a.m.*, which attracts a sponsorship deal with Kellogg's, one of the biggest in Irish television history.
- ▶ CanWest makes final agreement to purchase WIC Western International Communications Ltd. assets and will acquire nine television stations.

## Production & Distribution

- ▶ CanWest Entertainment launches international offices in Los Angeles, London and Dublin.
- ▶ Fireworks Entertainment, the division's principal production and distribution company, expands production slate to become Canada's second largest producer and distributor of television programming.
- ▶ Seven Arts International, the feature film distribution arm, expands its library to include several significant upcoming releases. *Onegin*, starring Ralph Fiennes and Liv Tyler, launches in St. Petersburg, Russia. It is also chosen to close the Toronto International Film Festival.

## Specialty Television

- ▶ Prime TV reports an audience increase of 117%.
- ▶ Prime TV launches the new daily business series *Prime Business Report* with Deirdre McMurdy.
- ▶ Agreement over WIC assets provides CanWest with interest in ROBTv, Canada's Report on Business Television offering business news coverage.

**MID-1970s** COMPANY FOUNDER I.H. ASPER ACQUIRES THE LICENCE FOR A NEW, INDEPENDENT TELEVISION STATION IN WINNIPEG TO BE CALLED CKND. **1979 – 1989** THE NEWLY-LICENCED GLOBAL TELEVISION IS IN FINANCIAL DIFFICULTY AND, OVER THE NEXT 10 YEARS, CANWEST ACQUIRES A 100% INTEREST IN GLOBAL, TURNING IT INTO A FINANCIALLY SUCCESSFUL OPERATION. **1989 – 1997** CANWEST ACQUIRES STATIONS IN VANCOUVER, HALIFAX/SAINT JOHN AND QUEBEC. NEW LICENCES ARE ALSO SECURED FOR NEW OPERATIONS IN REGINA AND SASKATOON. **1991** THE COMPANY ISSUES A SUCCESSFUL INITIAL PUBLIC OFFERING AND CANWEST ENTERS THE INTERNATIONAL SCENE BY ACQUIRING AN INITIAL STAKE IN THE TV3 NETWORK IN NEW ZEALAND. **1992** A CANWEST-LED CONSORTIUM ACQUIRES A 100% INTEREST IN AUSTRALIA'S NETWORK TEN. CANWEST'S SHARE IS 57.5%. **1996** CANWEST GLOBAL BEGINS TRADING ON THE NEW YORK STOCK EXCHANGE IN JUNE.





## Radio Broadcasting

► More FM launches two new stations – Channel Z in Christchurch and More FM Waikato.

## New Media

► CanWest Interactive launched with the acquisition of 20% of two American-based Internet content providers:

- Internet Broadcasting Systems (IBS) ([www.ibsys.com](http://www.ibsys.com)), the leading developer of local news-based websites for television stations.
- LifeServ ([www.lifeserv.com](http://www.lifeserv.com)), a community-focused Internet provider offering planning strategies regarding important life events, such as weddings, births and career planning.

## Investment

- Ulster Television, of which CanWest holds 29.9%, pays a special dividend in the second quarter.
- CanWest acquires a 20% voting interest in Alliance Atlantis, Canada's premier production and distribution company.

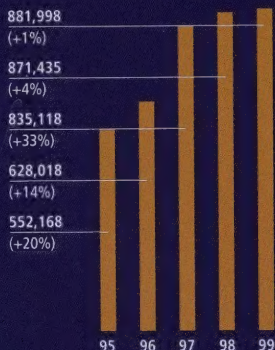
**1997** CANWEST INCREASES ITS OWNERSHIP IN TV3 TO 100% AND LAUNCHES TV4, NEW ZEALAND'S SECOND PRIVATELY OWNED NETWORK. THE COMPANY ALSO ACQUIRES NEW ZEALAND'S MORE FM RADIO GROUP AND, IN CANADA, LAUNCHES THE CABLE SPECIALTY CHANNEL PRIME TV. **1998** CANWEST ENTERS THE EUROPEAN COMMUNITY WITH THE LAUNCH OF TV3, THE REPUBLIC OF IRELAND'S FIRST PRIVATE, OVER-THE-AIR TELEVISION NETWORK. THE COMPANY ALSO ACQUIRES A 30% INTEREST IN ULSTER TELEVISION. CANWEST ENTERTAINMENT IS FORMED AND THE COMPANY ACQUIRES FIREWORKS ENTERTAINMENT. **1999** CANWEST ENTERTAINMENT CREATES AN INTERNATIONAL DISTRIBUTION ARM, CANWEST ANNOUNCES THE ACQUISITION OF A 20% HOLDING IN EACH OF TWO U.S. BASED INTERNET CONTENT PROVIDERS, RESULTING IN THE FORMATION OF A NEW MEDIA DIVISION WHICH BEGINS PLANNING THE LAUNCH OF ITS STATION WEBSITES FOR FISCAL 2000.



# The Year in Review

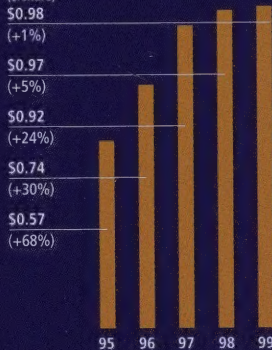
## COMBINED REVENUE

(in thousands of \$)



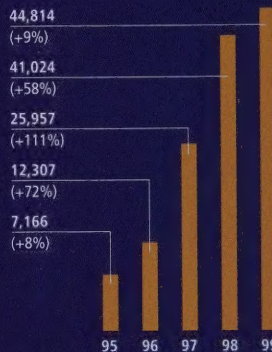
## FULLY DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS\*

(\$/share)



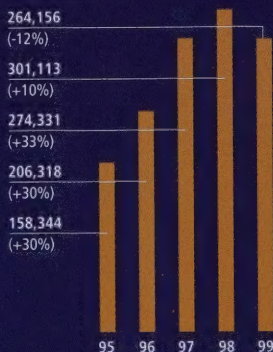
## CASH DIVIDENDS

(in thousands of \$)



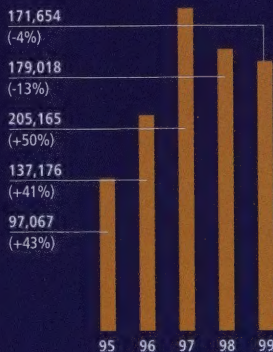
## COMBINED OPERATING PROFIT BEFORE AMORTIZATION

(in thousands of \$)



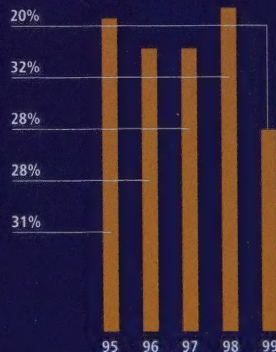
## COMBINED CASH FLOW FROM CONTINUING OPERATIONS

(in thousands of \$)



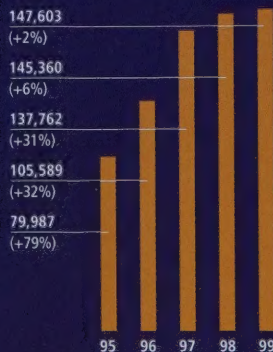
## RETURN ON AVERAGE EQUITY

(percent)



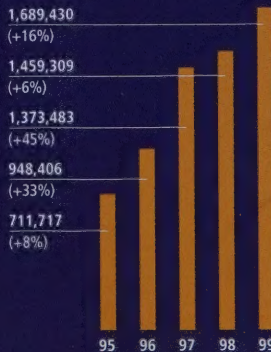
## EARNINGS FROM CONTINUING OPERATIONS\*

(in thousands of \$)



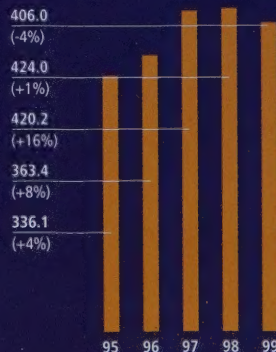
## COMBINED TOTAL ASSETS

(in thousands of \$)



## PRODUCTIVITY — REVENUE PER EMPLOYEE

(in thousands of \$)



\* Before gain on sale from an 18.5% economic interest in Network TEN in 1998 and realized translation adjustments.



# FINANCIAL HIGHLIGHTS

For the years ended August 31

(thousands of dollars, except as noted)	1999	1998	1997	1996	1995
<b>COMBINED OPERATING RESULTS <sup>(1)</sup></b>					
Revenue	<b>881,998</b>	871,435	835,118	628,018	552,168
Broadcast operating profit before amortization	<b>265,041</b>	314,225	290,547	218,367	167,321
Operating profit before amortization	<b>264,156</b>	301,113	274,331	206,318	158,344
Operating profit margin	<b>29.9%</b>	34.6%	32.8%	32.9%	28.7%
Earnings from continuing operations before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments	<b>147,603</b>	145,360	137,762	105,589	79,987
Net earnings	<b>146,103</b>	200,117	141,862	102,170	70,383
Cash flow from operations <sup>(2)</sup>	<b>171,654</b>	179,018	205,165	137,176	97,067
Return on average equity	<b>19.7%</b>	32.4%	27.7%	27.9%	31.3%
Working capital	<b>47,339</b>	81,876	135,909	170,657	24,896
Working capital ratio	<b>1.17:1</b>	1.34:1	1.57:1	1.84:1	1.14:1
Long-term debt	<b>548,925</b>	471,146	508,898	223,640	228,179
Debt to equity ratio	<b>.69:1</b>	.69:1	.92:1	.47:1	.89:1
<b>PER SHARE INFORMATION <sup>(1)</sup></b>					
Earnings from continuing operations before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments					
Basic	<b>0.99</b>	0.97	0.93	0.75	0.58
Fully diluted <sup>(3)</sup>	<b>0.98</b>	0.97	0.92	0.74	0.57
Earnings from continuing operations					
Basic	<b>0.98</b>	1.34	0.96	0.75	0.60
Fully diluted <sup>(3)</sup>	<b>0.97</b>	1.33	0.95	0.74	0.59
Cash flow from operations <sup>(2)</sup>					
Basic	<b>1.15</b>	1.20	1.38	0.98	0.70
Fully diluted <sup>(3)</sup>	<b>1.14</b>	1.19	1.37	0.96	0.69
<b>SHARES OUTSTANDING</b>					
At year end	<b>149,594,896</b>	149,347,070	148,830,207	147,806,080	138,031,315
Average for the year	<b>149,502,365</b>	149,158,918	148,265,654	140,527,809	137,956,061

(1) Operating results and per share information have been prepared on a combined basis, proportionately consolidating the Company's 57.5% interest (76% to April 1998, 66% to December 31, 1996 and 57.5% to October 31, 1996) in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

(2) Earnings before amortization, deferred income taxes, interest in earnings of equity accounted affiliates, realization of cumulative translation adjustments, gain on disposition of investments and minority interests.

(3) Fully diluted earnings and cash flow per share are calculated using the weighted average number of shares that would have been outstanding had stock options been exercised at the beginning of the year or when granted.

## SHARE PERFORMANCE – SUBORDINATE VOTING SHARES (TSE)

\$1,000 invested in CanWest Global in its initial public offering in October 1991 was worth \$11,930 on August 31, 1999, after assuming dividend reinvestments. This represents an annual compound growth rate of 36%.



# Executive Chairman's

## REPORT TO SHAREHOLDERS



I.H. ASPER, O.C., Q.C., LL.D., Ph.D.  
Executive Chairman

Fiscal 1999 saw CanWest move further along in its objective of broadening its business base and expanding its operations. Several new seeds were planted which are expected to bear fruit for years to come.

The launch of our new network in Ireland, TV3, was remarkably successful; our first year of CanWest Entertainment saw dramatic growth; we effectively entered the Interactive Media era by taking positions in Internet start ups; and we significantly expanded our investment division.

The year's financial results, as described later in this report, are considered robust, particularly when viewed in light of our absorbing budgeted start up losses in TV3 Ireland, TV4 New Zealand and Canada's Prime TV cable channel. As well, results do not show our share of revenue and profits from our 30% interest in Ulster Television and 44% interest in WIC Western International Communications Ltd. ("WIC"), which are neither combined nor consolidated, but do include charges against income for the interest cost of carrying these investments which is approximately \$27.8 million before tax.

And finally, 1999 results were achieved in spite of the severe economic impact of "the Asian flu" on our New Zealand television operations.

We are optimistic that the year 2000 will see significant recovery in New Zealand, reduced losses from the start ups, and the end of the WIC exclusion from our results.

The adverse impact of the foregoing was softened by the receipt of a special dividend from Ulster Television and a one-time break fee arising from our attempt to acquire NetStar Communications.

At the head office level, further strengthening occurred. Peter Viner moved from the Presidency to Vice-Chairman while Leonard Asper moved from Chief Operating Officer to President and Chief Executive Officer. Our long time outside corporate counsel, Richard Leipsic, joined us as Vice-President and General Counsel. John Culligan joined us as Director, Corporate Development. Gregory Gilhooly transferred to a similar role at CanWest Entertainment. Bruce MacCormack joined as Managing Director, CanWest Interactive, to lead strategic planning and development for our interactive media efforts. Further head office strengthening included the appointments of Pamela Harrod as Associate General Counsel to assist in managing our expanding legal transactions, and Geoffrey Elliot as Vice-President, Corporate Affairs, to undertake management of our external relations activities. He replaces the Honourable Peter Liba, CM who was called to serve as Manitoba's



Lieutenant-Governor after nearly 25 years of service as a CanWest executive (See. P.51). Further, Tom Strike was appointed Chief Operating Officer, Andy Telford appointed Director, Development and Taxation and Sue Cunningham appointed Director, Finance and Planning.

Dividends for the year were increased to 30¢ per share in keeping with our present policy of paying a semi-annual dividend ranging between 1 and 1½% of trading value. The dividend rate for fiscal 2000 has not yet been established.

With regret, I report that the age qualifications in our by-laws prevent two of our directors, Honourable Willard Estey, CC, QC, LL.D. and Donald Gordon, FCA, from standing for re-election at this year's annual meeting.

On behalf of all of the Directors and shareholders, I want to formally record our deepest gratitude and appreciation for the contribution they have made to the growth, development and prosperity of our Company. They have both served since we became a public company eight years ago, and in the case of Don Gordon, from our very beginning.

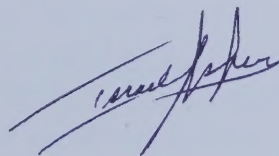
Fortunately, their counsel and guidance will not be lost, as they have each agreed to accept positions as Directors Emeritus.

Equally comforting is that in anticipation of their departure, the Board of Directors welcomed two new directors during the year: Sheelagh Whittaker and the Honourable Frank McKenna. Ms. Whittaker has had a lengthy involvement in our industry and currently serves as Chief Executive Officer of EDS Systemhouse Ltd. Mr. McKenna is a practicing lawyer, having recently left public office after serving ten years as Premier of New Brunswick. Both serve on the Boards of several major Canadian public companies.

In 1999, our Board of Directors and Management achieved a great deal in our program of re-positioning your Company from a pure television broadcaster into a vertically integrated multi-media group, often under somewhat challenging circumstances. I wish to express my appreciation for the dedication and skill they have provided in leading CanWest to new strengths and higher plateaus.

We look forward to discussing this report and answering your questions at our Annual Shareholder's Meeting at the Royal York Hotel in Toronto on January 20th, 2000 at 2:30 p.m. For those unable to attend, you may follow the proceedings at [www.canwestglobal.com](http://www.canwestglobal.com).

Respectfully submitted,



**I.H. Asper**, O.C., Q.C., LL.D., Ph.D.

*Executive Chairman*

November 1999



# President and CEO's

## REPORT TO SHAREHOLDERS



LEONARD ASPER  
President and Chief Executive Officer

I am pleased to provide our report to shareholders for the fiscal year ended August 31, 1999, our eighth full year as a public company. This year, we achieved significant success in reaching some of our strategic objectives, realized moderate growth in our two main television properties in Canada and Australia, weathered a difficult storm in the New Zealand television market and successfully launched our first operation in Europe, TV3 Ireland.

Our Company continues to operate on two main principles – a rigorous

approach to cost management and a strong business and corporate development thrust to develop new revenue streams and new businesses to bring into our corporate family, in order to ensure future growth.

Notwithstanding the difficult year in the South Pacific and the existence of start up operations which were not yet profitable, we managed to achieve increases in revenue and net profit once again. We have also experienced some disappointments, particularly in the lack of success with respect to our proposed acquisition of NetStar, a company which owns three major Canadian cable channels, and the inability to quickly close the WIC transaction which would see us acquiring nine television stations, one specialty cable channel and other assets. The break fee of \$15 million we received from the NetStar transaction did add to our profits, and with respect to WIC, we did finalize this transaction subsequent to year end but it took much longer than anticipated.

In purely financial terms, our major milestones were as follows:

- ▶ REVENUE UP 7% FROM \$821 MILLION (ON A PROFORMA BASIS\*) TO \$882 MILLION;
- ▶ OPERATING PROFITS (EBITDA) DECREASED TO \$264 MILLION FROM \$283 MILLION (ON A PROFORMA BASIS\*);
- ▶ NET EARNINGS UP 7% FROM \$136 MILLION TO \$146 MILLION (ON A PROFORMA BASIS\*);
- ▶ REVENUE PER EMPLOYEE DECREASED 4.2% FROM \$424,000 TO \$406,000 BECAUSE OF START UPS;
- ▶ SHAREHOLDER DIVIDENDS INCREASED BY 8% TO \$0.30 PER SHARE;
- ▶ CASH FLOW FROM OPERATIONS UP SLIGHTLY FROM \$170 MILLION (ON A PROFORMA BASIS\*) TO \$172 MILLION;
- ▶ STOCK PRICE (AUGUST 31) DECREASED FROM \$20.95 TO \$19.75; AND
- ▶ RETURN ON SHAREHOLDERS EQUITY DECLINED TO 19.7% FROM 32.4%.

\* Proforma results reflect a 57.5% economic interest in Network TEN.



We are content with these results, because they were achieved in spite of a severe economic recession in New Zealand, which saw the advertising market contract to 1993 levels. This resulted in a 17% decrease in TV3's revenue, and also adversely affected the start up of TV4 New Zealand. The results also take into account start up losses for the first full year of the television operation in Ireland and the second year of operation of Prime TV, our Canadian specialty channel. All of these operations are expected to show significant improvement in 2000 and beyond, and will contribute to the Company's profits in the future.

## Operating Highlights

In Canada, Global Television continued its dominance of the ratings for both U.S. and Canadian programming, and in **Bob & Margaret** created a genuine Canadian hit.

In addition to its significant generation of cash flow, Global continued its restructuring to meet the challenges of the new age of television, investing in advanced equipment and finding new sources of revenue.

Prime TV introduced several domestically produced programs which helped significantly to reduce

its operating losses and reach the three million subscriber mark.

In Australia, Network TEN continued at a steady but moderate growth rate of revenue and profit. **The Panel**, locally-produced, continued to be one of the country's top overall programs. Network TEN formed an online joint venture with Village Roadshow, Australia's premier FM radio, theme park and cinema operator, to form a major Australian Internet destination site which is expected to generate significant e-commerce revenues as well as provide significant cross promotion for Network TEN. Network TEN also launched its own website with the operating costs more than covered by sponsorship revenues. I joined CanWest executives Peter Viner and Gerry Noble on the Board of Network TEN, and we have established a very positive relationship with TEN's management group.

In New Zealand, both TV3 and TV4 were affected by a series of reactions to the Asian financial crisis. Because of New Zealand's dependency on exports to the affected countries, the economy suffered a setback, the television advertising market in particular became much weaker and the New Zealand currency dropped against both the U.S.

and Canadian dollars. As a result, demand decreased for TV4 as the fourth choice among advertisers, and TV3 struggled, missing its budget by a significant amount. We have responded to New Zealand's situation with some management changes, as well as making significant programming investments in series, movies, and most importantly, sports. As I write this, we are three months into the new fiscal year. TV3 which accounts for 90% of our television revenues in New Zealand, is on budget and on track to achieve a significant profit improvement over last year. I believe that our New Zealand television operation has been refocused, but the economy has not picked up as much as we would hope. We do not expect TV4 to become profitable in fiscal 2000, but we continue to believe it will be an excellent asset in a more robust New Zealand economy.

Radio in New Zealand continued to be a bright spot. CanWest New Zealand Radio has experienced steady growth and expanded its radio network from seven to nine stations in 1999. The group operates three program strands: More FM offers adult contemporary music, Channel Z is aimed at a youth market, and The Breeze is easy listening.



In Ireland, TV3 launched on time and on budget, September 20, 1998. While the network has recorded operating losses, these were anticipated, and we expect those operating losses will be significantly reduced in fiscal 2000. Equally important, TV3 has achieved the highest viewership during its first year compared to all European television station launches. This accomplishment is particularly outstanding given the highly competitive market, which includes two Irish State broadcaster channels and all of the U.K. channels. TV3 established a significant presence in the Republic through its focus on news and current affairs, and also established itself as a major player in sports, broadcasting World Cup soccer games and acquiring the Year 2000 program rights for the Champions League Soccer. It also expanded its reach into Northern Ireland.

CanWest maintained its 29.9% interest in Ulster Television (UTV) in Northern Ireland. We continue to seek ways in which TV3 and UTV can work more cooperatively together to enhance the value of both investments. At UTV, Desmond Smyth, the Managing Director, has been succeeded by John McCann, who has been with the Company for several years and has played a major role in building the station to its current position of success in the market. The Company continues to be very well-managed and during the year it renewed its ITC television licence for a further ten years. As well, it increased audience share to continue as ITV's top-rated

franchisee. During the year, UTV sold off part of its interest in SES, a publicly traded European satellite company, and distributed the money to its shareholders, resulting in a \$13.4 million special dividend to CanWest.

CanWest Entertainment was one of the Company's brightest spots in 1999, adding to both our revenue and profits. Most importantly, this division was able to secure worldwide distribution and production rights to several major new series and television movies, resulting in a significantly improved profit and revenue outlook for fiscal 2000. One of the main highlights is **Relic Hunter**, a program co-produced with Paramount for the U.S. syndication market, and one of the highest rated new syndication shows in the United States. CanWest Entertainment owns worldwide distribution rights outside of the U.S. for this program, and given the success of **Relic Hunter**, we expect that it will be renewed. Also showing similar success are two programs CanWest Entertainment has co-produced with Nickelodeon: **Just A Kid** and **The 100 Deeds of Eddie McDowd**. These, and several other programs CanWest Entertainment owns and for which it has secured distribution rights, are not only providing short term cash flow, but also building long-term library value. We also continue to produce programs for the U.S.A. Network, including **La Femme Nikita**, and **Pacific Blue**, as well as producing new programs for Global, such as **Real Kids Real Adventures**.

During 1999, we also opened CanWest Entertainment's international distribution office in London, England. Led by Greg Phillips, one of the industry's most respected executives, this division has enhanced our sales effort and given us a better ability to acquire product that comes to us.

We continue to delicately balance our strategy of vertical integration with our need to ensure each division remains able to maximize its profits. We expect that CanWest Entertainment will continue to grow at double digit percentage increases and is on its way to becoming a major component of our Company as planned. Our strategy in this respect has not changed. We want to be owners of content, including all possible forms of rights that such content will provide to generate income. This will make our Company a leader in the digital interactive age.

Turning to interactive media, after a few years of studying this area, we decided that 1999 was the time to begin establishing ourselves in earnest. Gary Maavara became Vice-President, New Media for Global Television, and we signed a deal with Internet Broadcasting Systems (IBS) to launch eight Global websites beginning December 1999. Concurrent with that transaction we acquired a 20% interest in IBS, a U.S. based website host and manager/developer that has successfully established profitable sites for CBS affiliates in the United States. True to our strategy of being Internet content providers, we also acquired a



20% interest in LifeServ Corp., a Chicago-based company which operates websites that provide several products surrounding life events to its users. *(Please see the report on Canwest Interactive for further details on IBS and LifeServ.)* I am now satisfied that we have successfully launched our Internet strategy by developing a number of content sites that we expect will generate e-commerce and advertising revenues. We believe that we are in a unique position to generate more advertising on websites than any of the competitors in our markets because of our television marketing power. We are in an even better position to generate e-commerce sales through our ability to attract major retailers to partner with us. I believe this is an area of significant future growth for CanWest, although as anyone who is involved with the Internet will admit, there will be a significant amount of trial and error involved.

As I look back at the year, three key strategic objectives were achieved: launching our Internet strategy, establishing a firm presence as a major owner of content, and establishing our first operation in Europe. We continue our search for specialty cable channels and recognize that it is an important part of our future growth.

## OUTLOOK

The Year 2000 will be difficult to compare with 1999 because of the effect the WIC transaction will have. As of this writing, we have not determined which of the WIC assets we will divest, if any, nor can we identify the exact effect this will have on our balance sheet or income statement. Most importantly, however, it will transform an investment of \$383 million that was incurring financing charges and producing no cash flow into a productive, cash generating asset. This will have a positive impact on both EBITDA and net earnings for 2000.

We expect moderate growth from our main operations in Canada and Australia, and we are undergoing a comprehensive assessment of those businesses in order to ensure that we can maintain or improve the operating margins, which are already significantly higher than those of our competitors. TV3 Ireland will significantly reduce its operating loss and is expected to be profitable in its third year of operation, fiscal 2001. We continue to strive to improve its slate of local programming, as we do in all operations, because we believe that is what will differentiate us in the future from the many competitors we will be facing.

CanWest Entertainment will jump to become Canada's second largest producer and distributor, with over 140 hours of programming on its slate. We expect that by the end of the year this division will account for almost 10% of our revenues.

Although there will be significant improvement in New Zealand Television, it will take a stronger economy for us to return to previous levels. However, we believe we are on the right track and based on the first quarter of 2000, we will end up significantly more profitable than 1999's results. Radio in New Zealand continues to be successful, but it will have to grow by expansion as More FM is already one of, if not the top-rated station in each of its markets. To that end, it launched two new stations in 1999, resulting in revenue and profit increases for 2000. In July 2000, we will be bidding for new frequencies being auctioned by the government and if successful, we could double the number of stations in the group.

Finally, CanWest Interactive will be fully launched in 2000 and, although we will not show a profit, we believe we will see growth well in excess of our initial investment. Once we establish a significant traffic flow to our Global websites, we will be able to

establish a value for those assets and develop the model that will lead us to profitability in the future.

With respect to our corporate development, we continue to seek ways to expand our television presence in the U.S., the U.K. and Western Europe. The latter is a new twist in our strategy, but we believe there are significant growth opportunities in this group of markets. If we are to grow as a Company, we must not only seek a presence in established markets but also markets that are less developed, and we think Western Europe presents several opportunities in this regard.

We will also further develop our strategy of diversifying our revenue streams and creating the four pillars upon which we think the media company of the future must stand: advertising revenues, subscription revenues, content sales, and product sales. I like to use the acronym CAPS – content, advertising, products and subscriptions. Content refers to owning the rights to more programs and exploiting those rights. Advertising means not only television advertising but radio and out of home, all of which we believe have significant growth

curves. Products refers to e-commerce or merchandising revenues. Subscription revenue will come from owning specialty or thematic channels.

In the digital world of the future, a successful media company will need a large asset base in order to create multiple marketing solutions for advertisers, as well as multiple platforms from which to gain maximum exploitation from rights to content. In other words, it will be a horizontally and vertically integrated company that can successfully maximize the aforementioned four streams of revenue.

We have a strong management team to whom I offer my sincerest appreciation for the support I have received in taking the helm.

Our Company is nimble, aggressive and determined to succeed. We have a bright future and we are acting quickly to take advantage of the opportunities before us.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Leonard Asper', with a stylized, flowing script.

**Leonard Asper**

*President and Chief Executive Officer*

November 1999



# Objectives & Performance

FOR THE PAST FIVE YEARS, WE HAVE PROVIDED SHAREHOLDERS WITH BOTH A LOOK AHEAD AT THE COMPANY'S STRATEGIC GOALS AND OBJECTIVES FOR THE CURRENT FISCAL YEAR ALONG WITH A LOOK BACK AT HOW WELL WE MEASURED AGAINST THE GOALS AND OBJECTIVES WE SET FOR THE PAST YEAR. AN ASSESSMENT OF OUR PERFORMANCE AND A LOOK AHEAD TO OUR FISCAL 2000 OBJECTIVES FOLLOW.

## OBJECTIVE

Absorb the start up losses of TV3 in the Republic of Ireland, Prime TV in Canada and TV4 in New Zealand.

## Rating

Good to Very Good

## Performance

The first year performance of the TV3 Television Network in Ireland has been very good. Ratings continue to grow and the Irish audience and advertisers have reacted well to the additional choice in the television market. An independent analysis of the start up described it as one of the best start ups in recent Western European broadcasting history. In Canada, Prime TV has had similar successes over its second year of operation. The target audience of 35+ is finding the station's mix of programming to its liking, making Prime the number one choice among that demographic group. Prime's audience share increased 117% during fiscal 1999. In addition, Prime is now available in more than three million Canadian homes. Both TV3 in Ireland and Prime TV in Canada are on target for profitability in their respective third years. TV4 in New Zealand faced a difficult second full year of operation due to uneven economic conditions in that country. However, its losses continue to decrease as it heads towards profitability.

## OBJECTIVE

Continue to increase our management depth and independent representation on our Board of Directors.

## Rating

Excellent

## Performance

In 1999, we announced the addition of two independent board members, Sheelagh Whittaker, Chief Executive Officer of EDS Systemhouse Inc., and the Honourable Frank McKenna, former Premier of New Brunswick and announced Peter Viner will assume the role of Vice-Chairman. These appointments provide CanWest with a strong corporate board and position the Company for long-term growth over the next decade. These appointments also ensure the Company will have strong independent representation as two of our long-standing members are stepping down at the next annual general meeting due to age restrictions. Don Gordon, who has served the Company since 1985, and the Honourable Willard Z. Estey who has served the Company since 1990, have both accepted the position of Director Emeritus.

CanWest also added significant strength in the corporate head office with the appointment of Bruce MacCormack to lead CanWest's interactive media division; Geoffrey Elliot as Vice-President, Corporate Affairs, and Pamela Harrod, Associate General Counsel. Gary Maavara who joined the Company last year as Director of Special Projects, has been named Vice-President and General Manager of Global Television interactive media in its Toronto headquarters. We have also strengthened the management team in New Zealand with the addition of Kristin Marlow as Programming Director and Peter Crossan as Chief Financial Officer.

## OBJECTIVE

Continue to outperform the indices of the stock markets on which our shares trade and make every effort to ensure that our share price reflects a significant premium over our competitors.

### Rating

Fair

(Five-year record good, but 1999 performance unsatisfactory)

## Performance

The total return index for our Subordinate Voting Shares on the Toronto Stock Exchange (TSE) for the five years ended August 31, 1999 grew 366%, compared with the TSE Broadcasting Sub-Index which grew 151% during the same period, and the TSE 300 Composite Index which grew 76%. The total return for our Non-Voting Shares on the TSE for the three year period ended August 31, 1999 grew 63%, marginally underperforming the TSE Broadcasting Sub-Index, which grew 64% during the same period. The Non-Voting Shares did outperform the TSE 300 Composite Index, which grew 43% during this period. Notwithstanding favourable medium to long-term returns for shareholders, our share price has declined over the past 24 months. While markets have rebounded from losses sustained during 1998, the price of our stock has continued a downward trend. The year over year comparison between August 31, 1998 and August 31, 1999, show the price of both classes of CanWest shares trading on the TSE has declined by 4%. In comparison the TSE Broadcasting Sub-Index declined 1%. Overall the TSE 300 Composite rose 28% over the same period.

## OBJECTIVE

Continue to outperform our competitors on all key financial performance measures and, more particularly, increase our profits and margins.

### Rating

Good

## Performance

In Canada and Australia, our operations continue to perform well relative to others in the media sector. In Canada, the Global Television Network continues to maintain profit margins almost twice that of its main competitor and where audience comparisons are applicable, Global continues to win in ratings. In Australia, Network TEN continues to lead all broadcasters in reaching its target demographic of 16 to 39 year olds and is the second most profitable broadcaster in that country. In Ireland, we have achieved virtually all of our first year targets for the TV3 Television Network and are confident we are on track for profitability in year three.

## OBJECTIVE

Bring in WIC assets, leverage them to obtain added value and divest those which our regulator believes should not be held by CanWest.

### Rating

Fair

## Performance

After more than a year of negotiation with both of the other significant shareholders of WIC, we are now in a position to begin the regulatory and integration process, scheduled to be complete by the end of fiscal 2000. Once these stations are integrated into the Global Television Network, we will see a considerable increase in our ability to leverage revenue and profits from the enhanced national network. However, we did not bring this acquisition to fruition until after year end.



## OBJECTIVE

Continue to strengthen relations with all our important constituencies – viewers, shareholders, the financial community, government and regulators, and the communities in which we operate – both domestically and internationally.

## Rating

Very Good to Excellent

## Performance

In Canada, Global Television continues to be the ratings leader among its key audience in the major markets. In Australia, Network TEN continues to lead among its target audience and continues an excellent relationship with the investment community and the regulators. In New Zealand, audience numbers for radio have been maintained although television has seen a decline over the year, but with the acquisition of the television rights for the country's top sporting events, audiences should again begin to grow.

CanWest continues its endeavours to keep its investors fully apprised of its ongoing operations and activities.

Throughout CanWest's global operations, being part of the community is part of our corporate culture. Whether it's airtime donated by our stations for community endeavours and charitable fund raising efforts, or direct contributions from the CanWest Global Foundation, we are proud of the role we play in our communities.

## OBJECTIVE

Continue to seek expansion opportunities in all markets in which we currently operate, expand our presence in the United Kingdom and seek a good opportunity to enter the U.S. market.

## Rating

Fair

## Performance

Throughout 1999, expansion into both the U.K and the United States were paramount in our corporate development activities. Although we have not found the appropriate broadcasting vehicle to enter the U.S., we continue to seek out a partner and potential acquisition to secure a foothold in that market. We did however, make two strategic acquisitions of American-based Internet companies. By acquiring 20% of both Internet Broadcasting Systems (IBS) of Minneapolis and LifeServ Corporation of Chicago, we have a toehold in the burgeoning Internet economy in the U.S. Through IBS we have an ownership position in more than 30 U.S. television-based websites either in operation or in development. In the United Kingdom, we continue to investigate and pursue potential opportunities. We were unsuccessful in our bid to acquire control of Net Star.

## OBJECTIVE

Define and launch our new division, CanWest Entertainment, on a long-term development plan.

## Rating

Excellent

## Performance

The growth of CanWest Entertainment through 1999 has been exceptional. This year, we successfully launched an international distribution company headquartered in London, England, made significant additions to our distribution library and dramatically increased our production slate. During fiscal 2000, we will deliver more than 140 hours of top quality television series, television movies and feature films to North American and international clients. The budget for this production slate makes CanWest Entertainment the second largest production and distribution company in Canada. We have embarked on a development strategy which will give the Company an excellent mix of half-hour series, action hours, movies of the week and feature films for children and teens.

## OBJECTIVE

Continue efforts to promote further liberalization of media foreign investment laws in countries where we currently conduct, or hope to conduct, business.

### Rating

Fair

## Performance

In Australia, the government-appointed Productivity Commission completed its year long review and analysis of the media sector with a preliminary report released in October. The review heard submissions from all companies in the media and broadcasting sector, with respect to foreign and cross media ownership levels, including a submission from Network TEN. The preliminary findings of the Commission called for a number of changes, including the lifting of regulations governing foreign ownership to allow for the input of additional foreign capital and to allow more cross-media ownership thereby opening the broadcasting market to newspaper and publishing concerns. The report now goes out for another round of public consultations before being submitted to the Australian parliament in 2000.

In the United States, the Stearns Bill was introduced in the House of Representatives. The Bill included a provision to allow up to 40% of a broadcast licence holder to be owned by a foreign entity provided the country of origin allows similar foreign ownership. The Bill, however, has been stalled in Congress and has been given little hope of passage in its present state. We remain optimistic of successful exemption by the Federal Communications Commission if and when we find the appropriate acquisition for entry into the market.

## OBJECTIVE

Continue to make a valuable contribution to the communities we serve.

### Rating

Excellent

## Performance

CanWest's commitment to all the communities we serve has never wavered and has continued through 1999. In Winnipeg, home of our head office, CanWest played a significant role in the staging of the 1999 Pan American Games. CanWest Global Park, the centerpiece of the city's downtown revitalization program, played host to the Games baseball tournament. CanWest also made the lead donation to build the new CanWest Global Performing Arts Centre, home of the Manitoba Theatre for Young People. The CanWest Global Foundation also made significant contributions to broadcast education and the performing arts across Canada, establishing a Chair in Journalism focusing on Aboriginal issues at the University of Regina, sponsoring national productions of new ballets and theater and supporting industry associations and festivals. Internationally, CanWest also contributed a special gift of airtime to the people of both Canada and Ireland. Through a donation of \$1 million of airtime, CanWest helped promote tourism and travel between the two nations.



# Corporate Objectives

The Company's primary corporate objectives for fiscal 2000 include the following:

- ▶ CONTINUE TO INCREASE OUR MANAGEMENT DEPTH PARTICULARLY IN THE AREAS OF INTERACTIVE MEDIA AND CORPORATE DEVELOPMENT.
- ▶ CONTINUE TO STRENGTHEN OUR RELATIONSHIPS WITH GOVERNMENTS, REGULATORS AND THE PUBLIC IN JURISDICTIONS IN WHICH WE OPERATE.
- ▶ INCREASE OUR PRESENCE IN THE UNITED KINGDOM AND THE EUROPEAN COMMUNITY THROUGH ADDITIONAL ACQUISITIONS OR THE ESTABLISHMENT OF JOINT VENTURES.
- ▶ COMPLETE THE INTEGRATION AND ALIGNMENT OF THE WIC TELEVISION STATIONS WITH THE GLOBAL TELEVISION NETWORK IN CANADA.
- ▶ CONTINUE TO INCREASE AND DIVERSIFY THE PRODUCTION SLATE AND DISTRIBUTION LIBRARY OF CANWEST ENTERTAINMENT AND MAINTAIN ITS POSITION AS ONE OF CANADA'S TOP PRODUCTION COMPANIES.
- ▶ LAUNCH ALL OF GLOBAL TELEVISION'S WEB SITES ACROSS CANADA AND BEGIN TO ABSORB START UP COSTS.
- ▶ CONTINUE TO EXPAND CANWEST INTERACTIVE AND MAKE ADDITIONAL ACQUISITIONS IN CONTENT-BASED INTERNET COMPANIES.

# questions & answers

CANWEST STRIVES TO COMMUNICATE WITH SHAREHOLDERS, ANALYSTS AND THE BUSINESS MEDIA AS OPENLY AND AS FREQUENTLY AS POSSIBLE. THROUGHOUT THE YEAR, THE EXECUTIVE MANAGEMENT TEAM HOLDS CONFERENCE CALLS AND ONE-ON-ONE MEETINGS. MUCH OF THE INTEREST AND QUESTIONS INVOLVE SIMILAR THEMES. THE FOLLOWING DISCUSSION ATTEMPTS TO ENCAPSULATE SOME OF THOSE QUESTIONS AND ANSWERS.

## Q

What are the most significant challenges facing CanWest?

## A

The biggest challenge is to complete the transition of the Company to a fully diversified, vertically integrated, international media company and to keep pace with the rapidly merging media groups. During the past year, we have seen a continued consolidation in the industry. Companies that offer advertisers multi-media platforms and global buys in addition to controlling their own content, will be the dominant players in the future. CanWest intends to be one of those companies. An equally important challenge is to maintain or improve our profit margins and performance through the transitions.



Q

What opportunities are you pursuing in the South Pacific and Australia?

A

Led by Gerry Noble, CanWest Pacific has reviewed a number of television opportunities both in Australia, Southeast Asia and other South Pacific nations. We continue to look at radio opportunities in Australia to complement our radio operation in New Zealand, and to investigate entry into other nations in both radio and television. Through our Internet joint venture with Village Roadshow (see page 30), we are actively seeking partners to enhance the strength of what we hope will be Australia's top domestic web site.

Q

What area has the greatest growth potential – conventional or specialty television?

A

Both specialty and conventional television provide opportunities for growth. In conventional television, we believe this growth will be generated in two ways. First, by refining and improving our present operations to accommodate the needs of both the audiences and the advertisers, and second, by expanding into underdeveloped or emerging markets. In mature operations, like Global Television in Canada and Network TEN in Australia, management is constantly finding ways to improve productivity and increase the range of options for advertisers. New products such as virtual advertising (see page 24) and technological improvements such as centralized computer play-out systems, will help improve network efficiencies. Emerging television advertising markets will also provide substantial growth in conventional television. Nations in Central and Eastern Europe, that have traditionally had one state-owned broadcaster and underdeveloped advertising markets, are transforming into multi-broadcaster systems. CanWest's experience in developing operations in similar markets such as New Zealand and Ireland will be a significant asset as we move to enter these markets.

Specialty television will also generate growth through increasing advertising revenues, but we believe that both conventional and specialty television assets are required to provide the greatest growth opportunities.

Q

How will CanWest expand its specialty television holdings in Canada?

A

At present we have the Prime TV Network and, through the acquisition of WIC, we will obtain its interest in ROBTv, and a video-on-demand licence. We will add to this portfolio through the acquisition of existing operations if the opportunity arises and we will continue to seek approval for current applications before the Canadian Radio-television and Telecommunications Commission (CRTC). We currently have eight specialty channel applications before the Commission and an additional four through WIC.

A large, dark blue, stylized letter 'Q' that serves as a visual separator between the question and the answer.

What is the Company's strategy with respect to the Internet and interactive media?

A large, orange, stylized letter 'A' that serves as a visual separator between the question and the answer.

Our stated objective is to develop a complementary core of content providers. As the technology is changing and improving so rapidly, CanWest will concentrate on acquiring and developing content which will be in increasing demand as more and more people gain access to the web. Over the next year, Global Television stations in Canada will launch content heavy, local web sites which promote programming and provide information and news. We will also look to cross-promote and cross-produce programs which will be available to both web users and the television audience. We hope to provide our audiences with full content solutions.

A large, dark blue, stylized letter 'Q' that serves as a visual separator between the question and the answer.

Through CanWest Entertainment you have made a substantial commitment to production and distribution. What is the future of this division and how does it complement your corporate strategy?

A large, orange, stylized letter 'A' that serves as a visual separator between the question and the answer.

The commitment to CanWest Entertainment is at the core of our transformation to a vertically integrated media company. In short, it is far better to own than to rent programming. Although we have a long way to go to develop a sizable production slate for consumption among our stable of broadcasting assets, we are moving quickly. The production slate at Fireworks will double in 2000, with more than 140 hours to be delivered to a wide variety of customers. CanWest Entertainment has become the second largest production and distribution company in Canada and we intend to stay on this steep growth curve.

A large, dark blue, stylized letter 'Q' that serves as a visual separator between the question and the answer.

What are CanWest's prospects for U.S. expansion?

A large, orange, stylized letter 'A' that serves as a visual separator between the question and the answer.

Expansion into the United States has been one of our objectives for several years. While it remains an important goal, we have not yet found an appropriate entry point due to the large scale of the U.S. market and the size of any acquisition relative to our Company as a whole. The prices at which broadcasting companies have been sold have exceeded the price we have been willing to pay. In addition, many of the acquisitions made by U.S. broadcasters to date reflected the ability of the purchaser to gain rapid synergies within the respective market. As a new entrant to the market, these synergies would not be available to CanWest. We continue to devote time and resources to gaining a significant foothold in the U.S. market, but we will be patient and undertake the necessary care and diligence in selecting our initial platform.

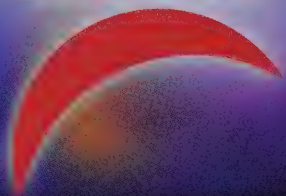




# Television Broadcasting



**Global**



**ten**



**tv three**







**JAMES F. SWARD**  
President and Chief Executive Officer  
Global Television Network

## MARKET CHARACTERISTICS

- ▶ **ENGLISH-SPEAKING POPULATION:**  
22.5 MILLION
- ▶ **1999 TELEVISION ADVERTISING REVENUE \$2.3 BILLION**
- ▶ **NUMBER OF TV HOUSEHOLDS:**  
11.7 MILLION
- ▶ **NUMBER OF NATIONAL ENGLISH-LANGUAGE TELEVISION NETWORKS: THREE**
- ▶ **MULTICHANNEL PENETRATION: 76%**

## Global Television

The Global Television Network, with eight owned and operated stations across Canada, is the principal component of CanWest's Canadian operations. The success Global has achieved over the years in attracting young, affluent audiences, has made it a ratings winner and the number one choice among its target viewing audience. Global has created the model that CanWest has successfully exported to its broadcasting operations around the world.

With operations extending from the West Coast to the Maritimes, Global reaches approximately 79% of Canada's English-speaking population. Combined with a programming output arrangement with WIC Western International Communications in Alberta, the programming reach increases to 88% of English-speaking Canadians.

In 1999, Global Television continued to demonstrate innovation and lead the industry in ratings and profitability. In Canada's key markets, Global led the ratings with an average of seven of the top ten programs. At times during peak season, Global scored ten of the top ten programs in Canada's largest market of Ontario. In its second year of operation, Global Quebec continued to strengthen its presence among English-speaking and bilingual audiences in Quebec.

The Global Television Network continued to deliver strong financial results relative to the industry. Revenue rose to \$436.9 million in fiscal 1999 from \$426.8 million in 1998, an increase of 2.3%; broadcasting operating profit before amortization increased 2.8% in fiscal 1999 to \$173.4 million over \$168.6 million in the prior year.



IN 1999, GLOBAL TELEVISION WAS THE FIRST NORTH AMERICAN BROADCASTER TO OFFER COMMERCIAL USE OF VIRTUAL ADVERTISING THROUGH THE USE OF DIGITAL TECHNOLOGY. ADVERTISERS' MESSAGES ARE DIGITALLY "INSERTED" INTO PROGRAMMING WITHOUT THE AUDIENCE NOTICING A DIFFERENCE IN THE PROGRAM. THE FIRST RUN WAS A BLIMP, WHICH CIRCLED OVER THE STADIUM HOSTING THE NATIONAL FOOTBALL LEAGUE PLAYOFF GAMES AND INSIDE-THE-STADIUM ADVERTISING, WHICH CHANGED EVERY QUARTER. IN 2000, GLOBAL WILL BE USING THE VIRTUAL ADVERTISING IN DRAMA AS WELL AS SPORTS PROGRAMMING, OFFERING ADVERTISERS A NEW AND UNIQUE WAY TO REACH AUDIENCES.

## CANADA'S TOP PRIME TIME SCHEDULE

The Global Television Network continues to offer Canadian viewers the top-rated prime time line-up. In Canada's most competitive television market – Toronto/Hamilton Extended Market Area (EMA) – Global has been number one for several years among viewers aged 18 to 49. In fiscal 1999, Global continued that trend by securing 15.8% of the prime time viewing audience on the Bureau of Broadcast Measurement (BBM) system and 16.5% on the



FRASIER

Neilsen measurement system; and in Spring 1999, securing 16.2% of the prime time viewing audience on both systems.

In British Columbia's lower mainland, Global continues to lead all stations among the target demographic group. Global Vancouver also leads on five of seven nights during prime time according to key Spring ratings by BBM. In Halifax, a signal extension project last year provided the Global signal over the air for the first time on

Prince Edward Island as well as extending coverage in the provinces of New Brunswick and Nova Scotia.

Global's schedule is made up of the top-rated programs from the major US studios as well as high quality Canadian drama programming and local news, sports and current affairs.

The top-rated programs in the 1998/1999 season include:

**Friends, Frasier, Mad About You, 3rd Rock From The Sun, Caroline in the City, Dharma and Greg, That 70s Show, Jesse, The Simpsons,**



FRIENDS

**King of the Hill, The Practice, NYPD Blue, Chicago Hope, The X-Files, 20/20 and 60 Minutes.**

Global continued to strengthen the schedule through 1999 with the addition of new animated programs **Family Guy** and **Futurama**, both highly anticipated sitcoms which made mid-season premieres.



## 1999/2000: STRONGER THAN EVER

Along with the returning hit series, Global is bringing the best in new programming to Canadian television viewers:

**Time of Your Life:** A spin-off of the popular **Party of Five** starring Jennifer Love Hewitt.

**Get Real:** The lives and loves of an almost dysfunctional family are exposed.

During the key Fall 1998 and Winter 1999 ratings periods, Global had nine of the top 12 most watched programs among Canadian dramatic series, representing three times the number of Global's primary competitors.

Among the Canadian hits from last season are:

**Bob & Margaret:** The first Canadian prime time animated sitcom, based on the Academy award winning short, **Bob's Birthday**.

**The New Addams Family:** The vampy remake of the sixties classic.

Global continues to lead the way for the 1999/2000 season with a mix of returning shows and new productions. Among the new series, mini-series and movies-of-the-week for this season will be:

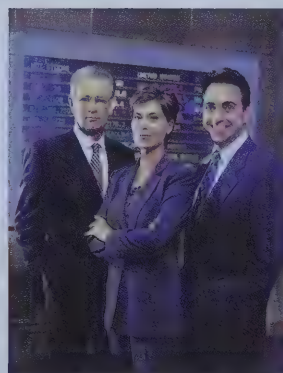
**Code Name Eternity:** Adventures series combining action, intrigue and romance, as the lives of a woman and an alien become intertwined.



STARK RAVING MAD



BOB & MARGARET



TRADERS

**Stark Raving Mad:** The half hour comedy describes exactly what an ambitious book editor and an enormously successful writer are driving each other!

## TURNING ON THE BEST IN CANADIAN PROGRAMMING

The Global Television Network prides itself in fulfilling its obligations to Canadian audiences by providing the top-rated line-up of domestic programming. During 1999, audiences responded to Global's line-up of Canadian programs in record numbers.

**Traders:** Global's flagship dramatic program, now into its fifth season, explores the lives of highflying financiers.

**The Outer Limits:** Taut tales that push the boundaries of the imagination.

**PSI Factor: Chronicles of the Paranormal:** Explores strange but true accounts of inexplicable incidents.

**Flash Forward:** A light-hearted teen series about the oft-turbulent adolescent years.

## Bonanna: A Godfather's Story:

A six-hour mini-series chronicling the story of one of the most powerful Mafia chieftains in history.

**Student Bodies:** An innovative "tween" series combining animation and live-action, follows the trials and tribulations of teens running a school newspaper.

## The Mystery Files of Shelby Woo:

A whodunit series which invites young viewers to play along and solve the mystery.

**Brain Drain:** An explosive, insightful, yet touching documentary that examines the deeper issues ailing the Canadian political and economic landscape. This enlightening hour examines Canada's "Brain Drain" to the USA.

**Bob Morane:** An animated adventure series based on the stories by Belgian author Henri Vernes.

**Prairie Berry Pie:** A series for the youngest viewers featuring music, puppetry and story telling.

**The Hockey Riot:** Examines the massive repercussions of the 1955 Hockey Riot, sparked by the suspension of Maurice "Rocket" Richard, which ultimately set the stage for Quebec's Quiet Revolution.

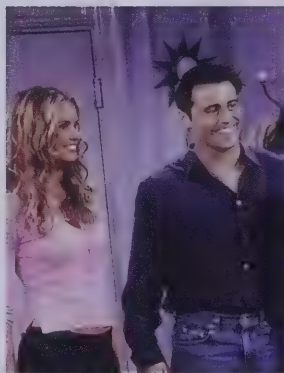
**Great Adventures of the 20th Century:** A five-part series showcasing some of the world's greatest disasters and heroic adventures, including The Klondike Goldrush, The Titanic and Lawrence of Arabia.

## NEWS AND INFORMATION

Global has a firm commitment to serving local audiences across Canada. Global News teams across the country deliver comprehensive, reliable daily news coverage that is relevant and timely to Canadians in each of our local markets. Global delivers where it counts — close to home. We are very much a part of the communities in which we live and work, and this is reflected in our commitment to local news, weather and sports first. It is the chief reason why an increasing percentage of viewers are turning to



DHARMA & GREG



FRIENDS



PETER KENT, FIRST NATIONAL

Global is also leading the way in the production of Canadian documentaries this season:

**The Reichmanns:** Based on the award-winning book by Anthony Bianco, The Reichmanns traces the remarkable journey of a family that fled Hitler's Europe and built the largest property development company of its kind.

**March of the Living:** A documentary record of the journey of a group of Holocaust survivors and Canadian students marching from Auschwitz to Birkenau.

Global News as their number one source of local news and information.

**First National:** Hosted by award-winning journalist Peter Kent, First National has established itself as the newscast that guarantees a comprehensive first look at the top national and international news of the day. Backed by a solid team of reporters across the country and in bureaus around the world, First National is a strong early evening alternative to the late-night national news-casts offered by other networks.



CANADA'S GEMINI AWARDS RECOGNIZE THE BEST IN CANADIAN TELEVISION PRODUCTION. CANWEST IS PROUD OF ITS CONTRIBUTION TO THE CANADIAN TELEVISION INDUSTRY AND IS RECOGNIZED AS OFFERING THE BEST ON THE AIR. CANWEST IS PROUD TO SALUTE OUR GLOBAL TELEVISION GEMINI NOMINEES IN THE FOLLOWING CATEGORIES:

## TRADERS

### BEST DRAMATIC SERIES

Best Performance by an Actress in a Continuing Leading Dramatic Role

*Sonja Smits*

"The Great Stock 'n Roll Swindle"

Best Performance by an Actress in a Guest Role Dramatic Series

*Enuka Okuma*

"I'll Sleep When I'm Dead"

Best Direction in a Dramatic Series

*T.W. Peacocke*

"Four Mergers and a Funeral"

Best Writing in a Dramatic Series

*Peter Mitchell*

"Four Mergers and a Funeral"

Best Writing in a Dramatic Series

*Peter Mitchell, Paul Aitken*

"The Price You Pay"

## JUSTICE

### BEST TV MOVIE OR DRAMATIC MINI-SERIES

Best Performance by an Actress in a Leading Role in a Dramatic Program or Mini-Series

*Julie Khaner*

Best Performance by an Actress in a Featured Supporting Role in a Dramatic Program or Mini-Series

*Deanna Milligan*

Best Achievement in Make-up

*Marilyn O'Quinn,*

*Susan Exton-Stranks*

## BOB & MARGARET

Best Writing in a Comedy or Variety Program or Series

*David Fine*

"Friends for Dinner"

## PSI FACTOR

Best Performance by an Actor in a Featured Supporting Role in a Dramatic Series

*Peter Blais*

"Jaunt"

## OUTER LIMITS

Best Sound Editing in a Dramatic Program or Series

*Brian Campbell, Marc S. Perlman*

"Identity Crisis"

Best Achievement in Make-Up

*Fay Von Schroeder,*

*Tibor Farkas*

## POPULAR MECHANICS FOR KIDS

Best Direction in an Information Program or Series

*Sid Goldberg, Jean-Louis Cote,*

*Ramelle Mair, Serge Marcil*

"Creepy Crawlers"

Best Picture Editing in an Information Program or Series

*Jason Levy, Zsolt Luka*

"Whodunnit?"

"Jenny and the Queen of Light"

Best Children's or Youth Program or Series. Best Writing in a Children's or Youth Program

*Dennis Foon*

"December 1917"

Best Short Dramatic Program

*"Tickling the Dragon's Tail: The Story of Louis Slotin"*

Best History/Biography Documentary Program

*Brenda Hennig*

## GLOBAL TELEVISION STATION AWARDS

### GLOBAL ATLANTIC

CanPro Gold Award

"Sport Nova Scotia"

CanPro Silver Award

"Buskers 98: Spotlight on the Street"

Atlantic Journalism Award Silver

"Spot News"

### GLOBAL QUEBEC

CanPro Gold Award for Best

News Story

"Ice Storm Grandparents"

### GLOBAL REGINA

CanPro Gold Award Promotion for

"Extreme Curling"

### GLOBAL SASKATOON

CanPro Gold Award for Public Service

Promotion, Children's Health

Foundation

### GLOBAL VANCOUVER

BC Association of Broadcasters (BCAB) Award of Excellence, Special Programming Television

"Through Fire and Water: The Story of Abreast In a Boat"

Radio & Television News Directors' Association (RTNDA), Best Newscast in Canada in a Large Market

"Global News Vancouver"

Leo Award for Best News Team, B.C.

Leo Award for Best Weather Anchor, B.C.

BCAB, Broadcast Performer of Tomorrow

"Anna Wattner"

CanPro Gold Award for Best News Special Report in a Large Market

"Bonnie and Clyde"

### GLOBAL WINNIPEG

Canadian Association of Broadcasters Gold Ribbon award for local news promotions

"Winnipeg People, Winnipeg Stories"

# awards





JOHN McALPINE  
Chief Executive Officer, Network TEN

## MARKET CHARACTERISTICS

- ▶ **AUSTRALIAN POPULATION:**  
18.6 MILLION
- ▶ **1999 TELEVISION REVENUE:**  
A\$2.4 BILLION
- ▶ **NUMBER OF TV HOUSEHOLDS:**  
6.7 MILLION
- ▶ **NUMBER OF NATIONAL COMMERCIAL TELEVISION NETWORKS: THREE (WITH TWO OTHER NATIONAL, NON-COMMERCIAL NETWORKS)**
- ▶ **MULTICHANNEL PENETRATION: 15%**

## Network TEN

In 1999, Australia's Network TEN continued increased growth since joining the CanWest family in 1992, and in the process posted a record profit. The results were all the more impressive as they were achieved in an uneven year for Australia's television broadcasters and a transition year in TEN's prime time schedule.

Australia's second most profitable television broadcaster, Network TEN continues to be a positive contributor and long-term growth provider for CanWest. Network TEN's strategy of focusing almost exclusively on the 16 to 39 year old demographic group has proven successful and, as a result, the

Company is well-positioned for future growth. This strategy has also been reflected in solid EBITDA growth. Since CanWest assumed a position in the company, EBITDA has grown more than ten-fold. In fiscal 1999, Network TEN continued that growth and recorded an EBITDA of A\$185.2 million which was comparable to 1998. These results were achieved despite losing some of the foundation programming of the TEN schedule from earlier years. Programs such as *Seinfeld*, *Mad About You* and *Melrose Place* ended their runs and had to be replaced. A replacement strategy that was more reliant on domestic Australian production was introduced at the beginning of the year and is now building an audience.



BACK ROW: Robert Magid, George Chapman, Leonard Asper, Gerry Noble, Laurence Freedman, Jack Cowin, Paul Harris, Brian Sherman, Paul Gleeson and Geoff Levy  
FRONT ROW: Peter Viner, John Studdy and John McAlpine



## PROGRAMMING STRATEGIES

Network TEN's focus on providing the type of programming for the younger advertising friendly 16 to 39 year old group has proven successful again in 1999. A combination of distinctive domestic programming, and popular U.S. network series has resulted in securing a strong ratings performance in Australia's major markets.

Among the popular foreign programs that make up Network TEN's daytime and prime time line-up are **Oprah**, **Law & Order**, **The Simpsons**, **Just**

**Neighbours**: This daily 30-minute series, now in its 14th season, has won several awards in Australia, has been exported around the English-speaking world and has resulted in a request for a Royal Command Performance in London.

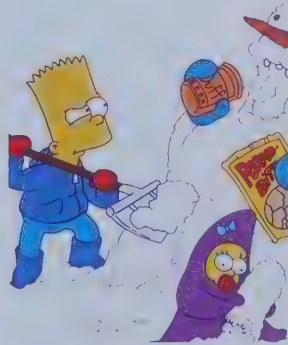
**Good News Week**: This satirical game show has no winners, only losers and those who don't lose quite as much. This clever and topical program is hosted by Paul McDermott and features opposing team leaders Mikey Robins and Julie McCrossin who,

**Totally Wild**: In its eighth successful season in 1999, **Totally Wild** answers all of the questions which inquisitive young-minds have about animals, nature and the world we live in. Experienced hosts and experts in their fields include park rangers and a horticulturist. They offer a stimulating adventure into the wilds of Australia's flora and fauna.

**The Panel**: Welcome to television at its most basic. Five people sitting around a desk (alright, a table) having a bit of a yak LIVE Wednesday nights about the week's events. The Panel is



MIKEY ROBINS, PAUL McDERMOTT  
AND JULIE MCCROSSIN, HOSTS OF  
GOOD NEWS WEEK



THE SIMPSONS



CHEEZ TV

**Shoot Me**, **Beverly Hills 90210**, **Charmed** and **Guinness Book of World Records**.

## TURNING ON THE BEST OF AUSTRALIAN PROGRAMMING

Network TEN is also immensely proud of its indigenous Australian programming led by a history making series and the comeback hit of the season:

together with guest team members, dissect the week's news headlines in a humorous and lively game show format.

**E! News**: If it's happening in entertainment, it's happening on E! News. Presenting a mix of behind-the-scenes' features, industry gossip, premieres and the latest news.

one of Australia's top-rated shows among its target market and is TEN's most successful Australian program this decade.

## ONLINE INITIATIVE UNVEILED

In 1999, Network TEN laid the foundation for future growth with the formation of TEN Ventures Limited and the announcement of a joint venture with Village Roadshow Limited to create a significant online leisure and entertainment presence. Village Roadshow is Australia's largest cinema, theme park and resort operator and owns the number one FM radio network in the country. Between Village Roadshow and Network TEN, there exists an unparalleled opportunity to reach Australia's young adults through



THE PANEL

launched in the first quarter of next year. The online offerings will be marketed under a new consumer brand to be unveiled during fiscal 2000.

## COMMUNITY SPIRIT

Network TEN joins Children's Promise, the global campaign dedicated to improving the lives of children and young people of the future. Twenty-three countries worldwide are participating in this international campaign in which the last hour of pay is contributed to leave a lasting legacy for children in the new millennium. In



NYPD BLUE

television, radio, cinema and on-site promotion. A\$20 million from the two companies will be invested in developing and operating the online presence in the first year of operation. The online presence of the Network TEN/Village Roadshow joint venture will be based on four to five "killer" categories that rival the leaders of each of these market segments. The first two categories will be music and movies/television, both of which will be

Australia, the services that receive support from the campaign include the Australian Youth Foundation, the Children's Hospital Network and The Salvation Army. CanWest's TV3 Network in New Zealand is also participating in the campaign.



DANIEL MacPHERSON, LOGIE AWARD WINNER OF "MOST POPULAR NEW MALE TALENT"

**NETWORK TEN PROGRAMS WON TWO AWARDS AT THE LOGIE AWARDS CEREMONY IN APRIL THIS YEAR. THE LOGIE'S RECOGNIZE THE BEST IN BROADCASTING AND PRODUCTION**

## BEST MINI SERIES

"Day of the Roses"

Based on the 1977 Granville Train Disaster in New South Wales, Australia, in which 83 people died.

## MOST POPULAR NEW MALE TALENT

Daniel MacPherson  
"Neighbours"

Following a 12-month modelling career, MacPherson landed the role of "Joel" in the hit series.

## OTHER AWARDS

Promotions Department, headed by Crec Stevenson won a Gold Promax award for Movies '99.

Jane Eakin was runner up at the New York Film Festival for producing the "Battle of the Sexes" Promo.

# awards





GRAEME HUNTER  
Managing Director  
TV3/TV4 Television Networks

## MARKET CHARACTERISTICS

- ▶ **NEW ZEALAND POPULATION:**  
3.8 MILLION
- ▶ **1999 TELEVISION ADVERTISING  
REVENUE:** NZ\$365 MILLION
- ▶ **NUMBER OF TV HOUSEHOLDS:**  
1.2 MILLION
- ▶ **NUMBER OF NATIONAL TELEVISION  
NETWORKS:** FOUR
- ▶ **MULTICHANNEL PENETRATION:** 99%

## TV3 and TV4

CanWest owns and operates two national television networks in New Zealand under the names TV3 and TV4. CanWest initially entered the market in 1991 when it acquired a 20% interest in TV3. In November 1997, CanWest increased its stake in TV3 to 100% and in June 1997, launched TV4 as a complementary national broadcaster.

Headquartered in Auckland, TV3 reaches 98% of the country's population, while TV4 reaches approximately 75%. The two networks use programming approaches similar to those of CanWest's other operations

around the world. TV3 targets the 18 to 49 year old core demographic group and TV4 aims for an even younger, upbeat audience with programming focused on comedy, lifestyle and entertainment themes.

Fiscal 1999 was one of the most challenging years for TV3 since CanWest entered the market. The lingering effects of a national recession in 1998 caused an overall contraction of the national advertising market. It is beginning to show signs of reversing.



BOARD OF DIRECTORS  
Keith Smith, Gerry Noble, Graeme Hunter, Brent Impey, Peter Viner (Missing: Leonard Asper)

Revenue in 1999 was significantly affected by a weakened economy and a contracting advertising market. Total television revenues declined by NZ\$20 million or 18% from the previous year. The future for television operations in New Zealand, however, looks very promising. Toward the end of fiscal 1999, a major sporting rights deal was announced which will substantially increase viewership, sales and promotional opportunities. TV3 has completed a deal with pay TV operator, SKY Television that will make the

international rugby matches featuring the world famous New Zealand All-Blacks. The agreement to broadcast the cricket and rugby is part of a larger commercial arrangement between TV3 and SKY offering long-term benefits for both, including carriage of TV3 on SKY's digital platform beginning on January 1, 2000.

The deal will significantly enhance revenues and will be a major draw for audiences throughout the year. It will also provide all of CanWest's media operations in New Zealand with

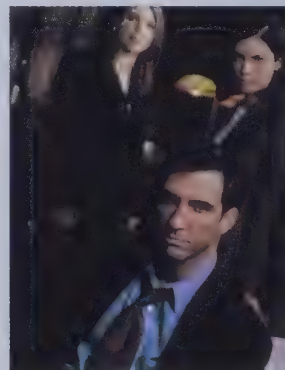
critical international position and TV3 has a key role in bringing this broadcast to the world. As the government-appointed official millennium broadcaster, TV3 initiated an on-screen-promotional campaign highlighting young New Zealand achievers and stars of the next century, reinforcing TV3's position as Channel for the Future. TV3 and TV4 continue to offer viewers a combination of popular U.S. and foreign programming with excellent domestic productions. Among the shows on the schedule for



GINETTE McDONALD, HOST OF TV3'S  
GROUNDFORCE



AUGIE AUER, TV3 NEWS WEATHERMAN



THE PRACTICE

network New Zealand's leading free-to-air sports broadcaster.

Beginning December 1, 1999, TV3 will carry a comprehensive schedule of domestic Cricket, Rugby Union and Rugby League games. The deal with SKY will see TV3 add extensive coverage of cricket test matches, one-day international cricket, Super 12 Rugby matches, and the prestigious

new and outstanding promotional opportunities. TV3 anticipates that the sports broadcasts will create a solid foundation for future growth.

TV3 will be part of television history by partnering BBC International to deliver a live global broadcast of the Millennium 2000 Today broadcast. As the country to see the 'first light' of the millennium, New Zealand occupies a

TV3 this season are: **Third Rock from the Sun**, **The Practice**, **That 70s Show**, **Jag**, **Felicity**, **Charmed** and **Sex and The City**, **Once and Again** and **Providence**. TV4 offers a diverse mix of programs such as **South Park**, **Whose Line Is It Anyway** and **World Wrestling Federation**, and the Australian series **Neighbours**.



## TURNING ON THE BEST OF NEW ZEALAND PROGRAMMING

CanWest is proud of the contribution our broadcasting operations make to the television production sectors in all the countries in which we operate. In New Zealand, TV3 produces news, current affairs and sports as well as numerous programs made for New Zealanders by New Zealanders.

In the past year TV3 has continued to commission fresh and innovative local programming. This year it screened a

**Coming Home:** A new ten-part documentary series launched with Qantas, looks at New Zealanders who have been successful overseas.

**Target:** A breakthrough consumer advocate show that is this year's runaway success. The benchmark consumer rights show offers advice on household budgeting and catches less than scrupulous tradesmen on the job through the use of hidden cameras.

**20/20:** This program has continued to soar in the ratings against rival

**3 News:** TV3's six o'clock newshour anchored by leading journalists John Campbell and Carol Hirschfeld.

## COMMUNITY SPIRIT

### Children's Promise

TV3 Network in conjunction with five children's charities has launched the Children's Promise in New Zealand, which is the global fund raising event in support of children in the millennium.

Children's agencies – The Starship Children's Hospital, Barnardos, Plunket, Life Education Trust and Project K –



THAT 70s SHOW



SOUTH PARK



TV3 NEWS ANCHOR CAROL HIRSCHFELD (LEFT) AND AUTHOR KAPKA KASSABOVA, "STARS OF THE FUTURE" CAMPAIGN

number of winning new concepts to its locally produced program line-up:

**Firth Ground Force:** A garden makeover show which has consistently won its time-slot in the household shoppers with children demographic.

**Arnotts Dreams Come True:** Ordinary New Zealanders are granted their life-long dreams. The program has proven to be popular with the 18 to 49 core demographic.

current affairs show "60 Minutes" gaining ground in the five plus demographic and consistently winning its time-slot with 18 to 49 year olds. At this year's prestigious New Zealand Qantas Media Awards, "20/20" picked up prizes for Best Current Affairs Reporter, Best Camera, Best Scripting and Best Editing.

**Inside New Zealand:** This award winning documentary series set the standard for documentary making in New Zealand.

will benefit from the funds collected. The event will be promoted in the months building up to the new millennium.

### Stars of the Future

As part of its millennium activities, TV3 initiated a campaign to highlight New Zealand's Stars of the Future. TV3 personalities interview talented and skilled young people in New Zealand to give hope and inspiration to others in the new millennium.



RICK HETHERINGTON  
Chief Executive Officer, TV3

## MARKET CHARACTERISTICS

### Republic of Ireland

- ▶ POPULATION: 3.6 MILLION
- ▶ 1999 TELEVISION ADVERTISING REVENUE IRE€97 MILLION
- ▶ NUMBER OF TV HOUSEHOLDS: 1.1 MILLION
- ▶ NUMBER OF NATIONAL TELEVISION NETWORKS: FOUR
- ▶ MULTICHANNEL PENETRATION: 91%

## TV3

On September 20, 1998, the Prime Minister of Ireland, Mr. Bertie Ahern, pulled the switch and "lit up" a new era in television broadcasting for the Republic of Ireland. TV3 has now completed its first year of operation and what a year it has been. From the beginning, TV3 was welcomed by Irish viewers and advertisers. After only one year on air, the network has achieved a 10% peak hours audience share of its target demographic audience. An independent analyst's report called the launch of TV3 one of the most successful in the history of commercial television in Western Europe.

TV3 followed the launch with several significant viewing events, beginning with the first of several international soccer matches featuring the national team's quest for Euro 2000. Irish eyes turned to TV3 in record numbers to watch the national team battle Yugoslavia in November 1998 and again in Fall 1999. The program scored as high as a 60 share for men.

The success of TV3's investment in sport has led to the acquisition of the broadcast for the Champions League, effective Fall 2000, for a three-year period. This is a pivotal part of the strategy in the continued growth of TV3 into the year 2004. Domestic



### BOARD OF DIRECTORS:

Niall Carroll, Ken Scott, James Morris, Rick Hetherington, Peter Viner, Leonard Asper, Trevor Bohen (alternate for Paul McGuinness) and Walter Hobbs. Missing: Ossie Kilkenny, Tom Strike, Greg Gilhooly



programming tracked well ahead of first year projections. More than 20% of TV3's programming was in the form of Irish-produced programs, exceeding programming quotas by almost 50%. TV3 was rewarded by higher than estimated ratings after only ten months on the air, with more than one million Irish viewers tuning into TV3 every day. By April 1999, it was evident that TV3 was tracking on schedule for a break even in year three of operation.

The positive reaction to TV3 from the viewers of Ireland led to the creation of an expanded schedule from

secured a sponsorship package from Kellogg's, one of the biggest in Irish television history and the first full sponsorship package of its kind on breakfast television in Ireland or the United Kingdom.

### TV3 IN THE COMMUNITY

Through the Summer of 1999, CanWest offered a unique gift to the people of Ireland. Through the Global Television Network in Canada and TV3 in Ireland, CanWest provided the tourism commission of each country \$500,000 (or IRE£250,000) of airtime to promote tourism in their respective

TV3 also adopted CanWest's spirit of community in its first year of operation. During two significant crises, the people of Ireland rallied around TV3-sponsored campaigns to raise money for both natural and man-made disasters. In the aftermath of the devastation of Hurricane Mitch in Central America and in the effort to assist refugees fleeing war torn Kosovo, TV3 and the Irish people raised approximately IRE£800,000 (\$1.6 million), for relief efforts.



SARAH O'FLAHERTY  
PEPSI CHART SHOW



ireland a.m. HOSTS ALAN HUGHES,  
AMANDA BYRAM, MARK CAGNEY



GLOBAL IN CANADA AND TV3 IN IRELAND  
PROMOTED TOURISM IN EACH OTHER'S  
COUNTRY VIA A JOINT AIRTIME VENTURE

approximately 100 hours weekly to 140 hours. By the fourth quarter, plans were well underway to launch Ireland's first breakfast television program. On September 20, 1999, its first anniversary, TV3 launched **ireland a.m.** offering a new option for Irish viewers. **ireland a.m.** is an information packed magazine show, airing 7:00 am to 9:00 am weekdays. The program

countries. Both the Canadian Tourism Commission and the Irish Tourist Board gratefully accepted the donations and used the airtime to promote travel between two countries with deep historical ties.

# Production & Distribution



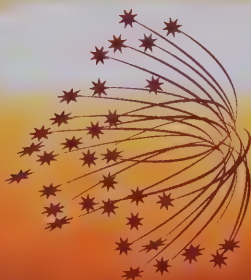
RECORDING



**CANWEST**

*entertainment*

RECORDING



**FIREWORKS**

*A CanWest Company*

RECORDING



**Seven Arts International**

*A CanWest Company*

RECORDING



# CANWEST ENTERTAINMENT



JAY FIRESTONE,  
Chairman and Chief Executive Officer,  
CanWest Entertainment

CanWest Entertainment is one of Canada's leading production and distribution companies, headquartered in Toronto and operating internationally with offices in Los Angeles, London and Dublin.

The past fiscal year was one of tremendous growth at CanWest Entertainment, the umbrella company which operates three distinct divisions. Fireworks Entertainment concentrates on the acquisition, development, financing and production of film and television, while Los Angeles-based Seven Arts International distributes feature films. CanWest Entertainment's international division, based in London,

is the distributor of the Company's television programming. Fireworks Entertainment, the division's principal development and production company, expanded its production slate to become Canada's second largest producer of television programming.

Under the leadership of Chairman and Chief Executive Officer Jay Firestone, CanWest Entertainment met and exceeded its first year goals of establishing a significant presence for CanWest in the international entertainment production and distribution industry. Through returning series, new series, movies-of-the-week and international co-production

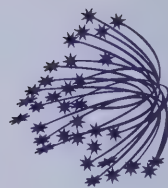
and distribution deals, CanWest Entertainment has doubled its production slate and will deliver more than 140 hours of top-quality programming to broadcasters and exhibitors around the world.

CanWest Entertainment is one of the key components of CanWest's overall strategic growth initiative. With content production and ownership becoming a significant priority in 1998, CanWest Entertainment has moved aggressively to expand its existing library and build strategic alliances with other producers and distributors around the world.



FIREWORKS' EXECUTIVE TEAM  
Blake Tohana, Chief Financial Officer; Jay Firestone, Chairman and Chief Executive Officer,  
Canwest Entertainment; John Robinson, Senior Vice-President, Business and Legal Affairs;  
Adam Haight, President, Fireworks Entertainment

# FIREWORKS ENTERTAINMENT



**FIREWORKS**  
A CANWEST COMPANY

Based in Toronto, Fireworks Entertainment is the backbone of CanWest Entertainment. Led by Adam Haight, who was appointed President in June 1999, the Fireworks production slate includes numerous returning international hit series as well as a number of new productions.

German/Canadian co-production called **Poison**, shot in Victoria, British Columbia over the summer, starring Rosanna Arquette and Jurgen Prochnow. Fireworks Entertainment also returned to the hit **Robocop** franchise, with a mini-series of four new movies-of-the-week in production.

In addition, it has acquired distribution rights to three new series — **18 Wheels of Justice**, a new action series starring Lucky Vanous and Billy Dee Williams which is a co-production with CBS Enterprises and Eyemark Entertainment, **100 Deeds for Eddie McDowd**, a new kids' series for



JUST A KID



100 DEEDS FOR EDDIE McDOWD



RELIC HUNTER

Among the returning series are **La Femme Nikita** for the CTV (Canada) and USA (U.S.A.) networks and **Real Kids Real Adventures** for Discovery Kids (U.S.A.) and Global (Canada). The new series are **Relic Hunter** starring Tia Carrere for US syndication (Paramount) and CITY TV (Canada), and **Just A Kid**, produced by Alberta-based Riverwood Productions for Nickelodeon (U.S.A.) and YTV (Canada). The Company's production slate also includes five made-for-television movies, including a

CanWest Entertainment's international division was launched in April 1999 with the appointment of Greg Phillips as President and the establishment of a distribution office in London. During the ensuing months, it began marketing productions from Fireworks Entertainment as well as acquiring additional programs.

It is the worldwide distributor of **Relic Hunter**, **Andromeda**, **Just A Kid**, **Real Kids Real Adventures** and **Poison**.

Nickelodeon (U.S.A.), and the new kids' series, **Chuck Finn** produced in Australia for Channel 7 (Australia) and the BBC (United Kingdom).

CanWest Entertainment's international division reached an agreement to produce and distribute internationally a new sci-fi action series, Gene Roddenberry's **Andromeda**, which will be syndicated by Tribune Entertainment in the U.S. with deliveries scheduled to begin in Fall 2000.



# SEVEN ARTS INTERNATIONAL



**Seven Arts International**  
A CanWest Company

Seven Arts International, the feature film distribution arm of CanWest Entertainment headed by Daniel Diamond, is scheduled to deliver three motion pictures in fiscal 1999/2000.

**Onegin**, starring Ralph Fiennes and Liv Tyler is based on the epic Russian poem by Alexander Pushkin. This film

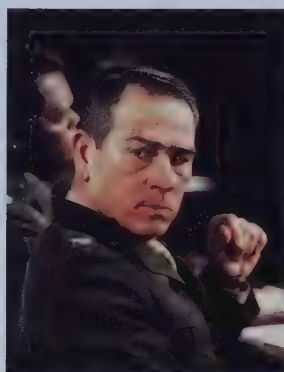


ONEGIN

opened to appreciative audiences in St. Petersburg, Russia in the Spring, followed by the North American premiere as the Closing Night Gala at the Toronto International Film Festival in September. In addition, Seven Arts International has secured the international distribution rights to **Rules of Engagement**, a co-production with Paramount Pictures starring Tommy Lee Jones and Samuel L. Jackson. The film is directed by William Friedkin and tells the story of an

attorney that defends a decorated officer on trial for ordering his troops to fire on civilians after they stormed a U.S. embassy in a third world country.

Seven Arts is also the international distributor for **The Cup**, a film starring Robert Duvall about an underdog



RULES OF ENGAGEMENT

Scottish soccer team reaching for a championship.

Seven Arts International also handles international distribution for films acquired by Chaross Pictures, a new financing venture used to acquire independent film libraries. Among the titles acquired are **Hurlyburly** starring Sean Penn, Kevin Spacey and Meg Ryan, **Modern Vampires** starring Casper Van Dien, and **Big City Blues** starring Burt Reynolds.

Fireworks earns seven Gemini Award nominations!

And the nominees are..

## LA FEMME NIKITA

### BEST DRAMATIC SERIES

**Producer Jamie Paul Rock**  
"Nikita"

**Best Overall Sound in a Dramatic Program or Series**  
*Allen Ormerod Steve Baine, Daniel Latour, Scott Shepherd*  
"Looking for Michael"

**Best Costume Design**  
*Laurie Drew*  
"Off Profile"

**Best Performance by an Actress in a Continuing Leading Dramatic Role**  
*Peta Wilson*  
"Cat and Mouse"

## GIRL NEXT DOOR

**Best Original Music Score for a Program or Mini-Series**  
*Jonathan Goldsmith*

**Best Performance by an Actor in a Leading Role**  
*Henry Czerny*

**Best Performance by an Actress in a Leading Role in a Dramatic Program or Mini-Series**  
*Polly Shannon*

# awards

Specialty Television

**PRIME**







## Prime TV

Prime TV, marked CanWest's entry into specialty television in Canada and reported a successful second year of operation with strong audience viewership and revenue growth.

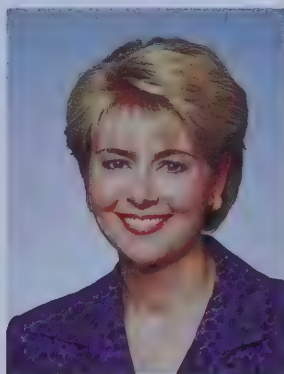
specialty channels. Since last August, viewership has increased by an extraordinary 117%.

Prime TV has also experienced the highest growth of all specialty services in cable and satellite subscription. Over

the target audience. Returning for another season is the sometimes controversial but always entertaining talk magazine show, **Bynon**. A mix of emotion, good humour, and uninhibited but informed discussion about the events of the day is what renowned



M\*A\*S\*H



PRIME BUSINESS REPORT WITH  
DEIRDRE MCMURDY



ARLENE BYNON, HOST OF "BYNON"

Known as "Canada's Entertainment Network," Prime TV continues to offer a solid combination of award winning dramas, sitcoms, lifestyle and current affairs programming, and movies all catering to the largest and most affluent demographic age group in Canada: the baby boomer generation.

Prime TV has successfully reached this powerful target group and is currently the number one channel among all new specialty channels for adults aged 35 years and older. The growth in Prime TV's overall audience is among the highest of the new Canadian

three million households in all of the major markets across Canada subscribe to Prime TV, an increase of over one million new subscribers since August 1998.

Prime TV's recipe for success has been a mix of retro favourites and original programming. Programs like **M\*A\*S\*H**, **Bewitched**, **I Dream of Jeannie**, **Cheers**, and **The Golden Girls** have attracted audiences from across Canada.

Prime TV's original programming has also proven to be successful with

Canadian broadcaster Arlene Bynon offers viewers daily on Prime TV.

Prime TV also announced that the 1999/2000 season will feature a new prime time program, **Prime Business Report with Deirdre McMurdy**, a new daily business series hosted by one of Canada's best known and respected business journalists. This live, interactive series provides an in-depth analysis of the North American and international financial markets. Ms. McMurdy covers the day's top business stories in a way that both the novice and seasoned investor can appreciate.

Radio

**THE BREEZ**

**94 & 98 FM**



**MORE FM**



# CANWEST NEW ZEALAND RADIO



BRENT IMPEY  
Chief Executive Officer,  
CanWest New Zealand Radio

CanWest's investment in radio continued to be a positive contributor through fiscal 1999. New Zealand's More FM network is a market leader and continues to grow. During the year, the group added two new radio stations, bringing the total number to nine.

More FM offers an adult contemporary radio format from stations in Auckland, Wellington, Christchurch, Dunedin and since its August 9 sign-on, Hamilton. More FM is New Zealand's most listened to commercial radio network and is ranked number one among its target audience in most of its markets.

Channel Z is More FM's harder-edged rock format network with stations broadcasting from Auckland, Wellington and, on July 5, 1999, Christchurch. Channel Z is geared to the younger group with cutting edge rock music programming.

Finally in Wellington, More FM owns and operates the classic hits station, "The Breeze".

Overall performance of the More FM station group in fiscal 1999 has been relatively positive. Although national advertising revenue contracted in other broadcasting operations, More FM's local advertising revenue remained strong and it continued to outperform the market. Overall revenue for CanWest New Zealand Radio has increased 10% to NZ\$25.4 million from NZ\$23.2 million in 1998. Growth in the new year will come from the newly launched stations and from improved operating and promotional activities with TV3 and TV4.

More FM was a huge hit at the New Zealand Radio Awards

The New Zealand Awards are the premier awards recognizing the best in radio programming, production and promotion.

## Winners

### STATION OF THE YEAR METROPOLITAN

More FM, Christchurch

### STATION OF THE YEAR REGIONAL

98 More FM, Dunedin

### BEST MUSIC FEATURE

"KaC Countdown"

More FM Auckland & Adamson Productions

### BEST RADIO COMMERCIAL

Jemaine Clement, Channel Z, Wellington

### BEST CLIENT PROMOTION

Kyllee Higgins & Zak Davies  
The Breeze & More FM, Wellington

### BEST TECHNICAL PRODUCTION

Michael Lloyd, More FM Auckland & Adamson Productions

### OUTSTANDING CONTRIBUTION TO RADIO

Doug Gold, Board Member and  
former CEO, More FM

# awards

# Interactive Media





# CANWEST INTERACTIVE



GARY MAAVARA  
Vice-President, New Media,  
Global Television



BRUCE MacCORMACK  
Managing Director,  
CanWest Interactive

In 1999, CanWest established an interactive media division to develop a strategy for the Company's entry into the emerging Internet technologies and to establish acquisition targets in that area. The Company views the Internet as developing into a complementary rather than competitive medium to its existing broadcasting operations.

Recent studies have shown that well-crafted web sites can enhance audiences for television stations and programs. CanWest Interactive intends to create a strong presence on the Internet to maintain its dominant position among television viewers, through cross platform content and promotion to entice audiences to move back and forth between the CanWest related sites.

The strategy manifested itself in a corporate development initiative to make several low-risk, strategic investments in companies which would develop synergies with existing broadcasting operations, and above all, develop content to be owned by CanWest and its subsidiaries.

This strategy purposely directed the Company away from any acquisition which would force the Company to support one type of technology. The focus is on content, on what audiences or users are looking for, and on cross-promotion between

existing broadcasting, production and distribution operations. Charged with an overarching commitment to leverage existing operations and to existing audiences, the interactive media division announced the acquisition of 20% of two American-based Internet content providers.

One is Internet Broadcasting Systems (IBS). This Minneapolis-based company concentrates its efforts and talents on developing local breaking news web sites for local television stations and their immediate markets, and has a successful track record of doing so for a number of CBS affiliates in the U.S. IBS specializes in creating content sites which are constantly updated, overtly local in focus and tailored to the needs of the local community. Whether it is local news, traffic, weather, community events or sports, IBS sites create an on-line presence for the local broadcasting outlet.

The investment of \$15 million in IBS, announced in July 1999, included representation on the IBS board and the opportunity to maintain our 20% position. In conjunction, IBS was contracted to create web sites for the Global Television Network stations across Canada. This investment and the ensuing agreement brought IBS from its existing operation of five U.S.-based web sites to 13 sites in development.

In September 1999, CanWest's investment in IBS was further enhanced when IBS announced a similar investment by, and service contract with, Hearst-Argyle Television. Along with validating the valuation which was decided upon by the CanWest investment, the deal called for the development of web sites for all of Hearst-Argyle's 26 owned and managed television stations making IBS the undisputed leader in local news and information web sites. In December, IBS announced a further partnership agreement with Post-

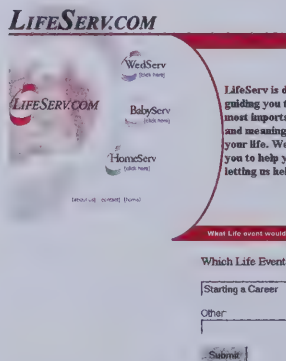
"online community" for people experiencing "life events" such as marriage or childbirth. The sites include WedServ, for people planning a wedding, BabyServ for expectant parents, and HomeServ (coming soon) for people about to buy their first home.

LifeServ's online community of users now number in the hundreds of thousands and serves as a location for people to access content to deal with these life altering events. LifeServ clients spend an average of more than

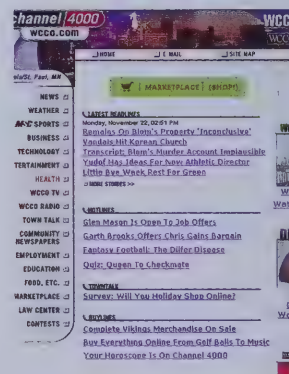
Although both companies are in start up mode, revenues relative to other comparable Internet content providers have been strong and both companies expect to be in positive profit positions in the next few years. CanWest's Interactive Media division will continue searching for further acquisitions and strategic investments, building alliances with the web site partners, and creating its own proprietary sites.



WWW.GLOBALTV.COM



WWW.LIFESERV.COM



WWW.WCCO.COM

Newsweek Stations Inc., a subsidiary of The Washington Post. The agreement will add six more stations in major U.S. markets. IBS now has over 40 separate market web sites operating or under development.

CanWest also made a strategic investment in LifeServ Corporation of Chicago. LifeServ is also a content provider that has created a niche in the marketplace by providing an

100 hours using the site creating one of the most coveted and effective advertising tools for suppliers of products associated with weddings, the birth of a child, or the purchase of a home.



# Investment



TRADERS: A co-production of Global and Alliance Atlantis

In 1999, CanWest formalized the establishment of an Investment division. This division, under the leadership of Harry Ethans, Executive Vice-President, Corporate Development, was given the mandate to take strategic positions in communications companies around the world with potential for synergies with existing CanWest operations, or which would provide potential growth opportunities into new areas or strengthen existing strategic client/supplier relationships.

Among the significant holdings in the investment division is a 29.9% equity position of Ulster Television (UTV). UTV, based in Belfast, Northern Ireland, is the ITV affiliate for the region. CanWest acquired its holding in 1998 and remains UTV's largest single shareholder. The acquisition of UTV

provides CanWest with an entry point into the United Kingdom and sets up potential synergies through a pan-Irish presence along with CanWest's TV3 Television Network based in Dublin. CanWest's investment in UTV had a market value of \$81.9 million as of fiscal year end.

In February 1999, Ulster Television released its results for fiscal 1998 and reported a 48% increase in profits and the payment of a special dividend of 35p per share. CanWest realized dividend income of \$13.4 million or \$0.09 per share, which was recorded in the second quarter of fiscal 1999.

In August 1999, CanWest acquired a 20% voting interest in Alliance Atlantis Communications Inc. Alliance Atlantis is Canada's largest international producer

and distributor of filmed entertainment as well as the holder of significant interests in seven Canadian specialty television channels, and has been a supplier of high-quality television series to the Global Television Network in Canada as well as most other Canadian broadcasters. Alliance Atlantis was formed in 1998 with the merger of Alliance Communications Corp. and Atlantis Communications Inc. and operates in five countries world wide. CanWest's holdings of Alliance Atlantis had a market value of \$25.6 million as of the fiscal year end.

CanWest's Investment division also has several holdings through its investment in Network TEN Australia. Among those is a 12.2% interest in Television & Media Services Limited; a 14.8% interest in Telecasters Australia Limited, the Network TEN affiliates in regional Northern New South Wales and Queensland; and a 14.8% interest in Southern Cross Broadcasting (Australia) Limited, the Network TEN affiliate in regional Southern New South Wales, Victoria and Tasmania. The market value of these investments was A\$93.5 million as of fiscal year end.

# CanWest in the Community



GAIL ASPER, BRUCE LESLIE and LORENA PRAKASH administer the CanWest Global Foundation which provides funding for CanWest's charitable and community work

CanWest has a long and distinguished history of outstanding commitment to the communities in which it operates and to the media industry overall. The Company supports numerous charitable initiatives and organizations through both airtime and cash donations. In 1999, close to \$2 million in cash donations and over \$5 million in airtime donations were disbursed in Canada.

The Company's policy is focused primarily on support of the performing arts and broadcast education. As a member of "Imagine", the Company has been designated "A Caring Company" by the Canadian Centre for Philanthropy, as

it sets aside a minimum of 1% per year of pre-tax profits for donations to non-profit organizations and worthwhile community enhancing projects.

The CanWest Global Foundation led by President Gail Asper, was established in May 1997 with an initial contribution of \$1 million to form the Foundation's permanent capital. The Company, the Foundation and the operating units are all involved in the community. Among the more notable projects are:

## CanWest Global Park

"Awesome", "dazzling", and "a downtown gem", have all been used by the media to describe CanWest Global Park, the centerpiece of Winnipeg's historic Forks district. CanWest Global Park opened on June 4, 1999 to the first of many sold out crowds.

The Park is a result of a partnership between several levels of government, the Winnipeg Goldeyes Baseball Club,



CANWEST GLOBAL PARK opened to a sold out crowd June 4, 1999



and a \$1.5 million commitment from CanWest. It has been credited with igniting an interest in re-developing a large portion of downtown Winnipeg and creating a community meeting place for years to come.

During the 1999 Pan American Games, the Park played host to one of the world's largest and most prestigious international baseball tournaments and received international media attention. During its inaugural season, CanWest Global Park played host to concerts as well as a Boy Scout Jamboree.



BOY SCOUT JAMBOREE

1999, the CanWest Global Performing Arts Centre is uniquely designed for the distinctive needs of staging children's theatre and housing a vibrant theatre school.

## Lyric Theatre

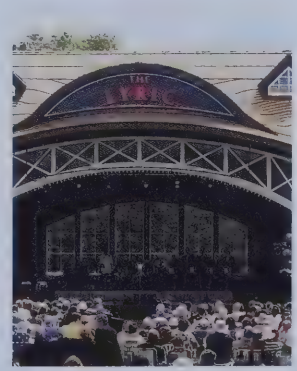
Winnipeg's Assiniboine Park is now the home of The Lyric, an elegant outdoor performance centre made possible by a contribution from The Asper Foundation, established by CanWest's founding family.



CANWEST GLOBAL PERFORMING  
ARTS CENTRE

groups, including the National Arts Centre in Ottawa, and countless community support programs such as the Variety Club, Canadian Red Cross, Canadian Cancer Society, Christmas Cheer Board, to name just a few.

Among the most unique uses of this type of community activity was an airtime donation to the Tourism Boards of both Canada and Ireland as described on page 35.



THE LYRIC THEATRE

## CanWest Global Performing Arts Centre

Adjacent to the CanWest Global Park in the historic Forks district of Winnipeg is the CanWest Global Performing Arts Centre, new home of the Manitoba Theatre for Young People. Officially opened in October

## CanWest Broadcasters Give Back to the Community

Apart from the CanWest Global Foundation, the broadcast operations in the CanWest family donate millions of dollars to their communities through the use of the Company's airtime. Among the beneficiaries are organizations such as the Canadian TV Fund, Concerned Broadcasters Society, Participation, innumerable theatre, music and dance

## CanWest's Scholarships and Awards

CanWest maintains its leadership role in the Canadian media industry by sponsoring several important scholarship and award programs. Among them is the Broadcaster of the Future in conjunction with the Canadian Association of Broadcasters. Designed to encourage and assist talented young Canadians to further their careers in broadcasting, there are three scholarships and one industry award presented each year.

**The Broadcaster of the Future Award for Aboriginal People**, valued up to \$10,000, is designed to encourage young Aboriginal people to pursue a career in broadcasting by providing a four-month internship at Global Television. The 1999 winner was Tracey Penelope Deer of Kahnawake, Quebec.

**The Broadcaster of the Future Award for a Canadian Visible Minority Student**, increased this year to \$4,500 in support of broadcast education. It is awarded to a Canadian citizen from a self-identified visible minority group. This year's winner was Mark Soliven of Winnipeg, Manitoba.

**The Broadcaster of the Future Award for a Canadian with a Physical Disability**, valued at \$15,000, provides financial assistance for one year of broadcast education and an internship at a Global Television Network station for the summer. The 1999 winner was Sarah Lashbrook of Sudbury, Ontario.

**The I.H. Asper Broadcaster of the Future Award**, is presented annually to the broadcast executive with at least ten years experience in the broadcast industry, and whose entrepreneurial skills, creativity and vision have set him or her apart from their peers. The 1999 \$5,000 award recipient was Marie Griffiths of MGI International Inc. in Montreal, Quebec.

In addition to the awards administered by the Canadian Association of Broadcasters, CanWest is proud to sponsor the Canadian Women in Communications (CWC) Management Development for Women Award. This annual \$7,500 award, offers a female

broadcast executive the opportunity to attend the National Association of Broadcaster's 1999 Management Development Seminar for Television Executives at Northwestern University in Illinois. The 1999-2000 recipient was Colette Watson, Vice-President, Programming and Public Relations, Rogers Cablesystems.

In addition to the CWC Development for Women Award, Global offers a similar award specifically for a female manager employed by a Global Television station. The 1999-2000 award winner was Patricia Wourms, Programming/Promotion Manager, Global Television, Atlantic Provinces.

## Corporate Matching Gift Program

CanWest encourages its employees to contribute to the community through the establishment of the Matching Gift Fund, whereby the Company matches dollar for dollar cash donations up to \$200 from employees to registered charities.

## CanWest Global Community Spirit Award

The Company established the CanWest Global Community Spirit Award in 1996. One employee from each Global Television station is selected annually based on significant volunteer contributions to charitable and community related activities. These employees then select a charity of their choice and CanWest donates \$1,000 in each employee's name.

## Special Awards for 1999

During 1999, CanWest's founder and Executive Chairman was awarded two prestigious and unique honours. In June, I.H. Asper was awarded an honorary doctorate in Philosophy from the Hebrew University of Jerusalem. In September, he was inducted into the Winnipeg Citizen's Hall of Fame for lifetime contribution to his community. During each of the induction ceremonies, CanWest's Executive Chairman was cited for a lifetime of giving back to his community.



I. H. ASPER IS PRESENTED AN AWARD upon being inducted into the Winnipeg Citizens Hall of Fame

The Company was also invited to join the exclusive World Economic Forum in Davos, Switzerland. This group of leading corporate and political leaders meet to discuss global economic issues every year in February. This past year, I.H. Asper attended the meeting and delivered a key address to the Board of Governor's of the media, communications and entertainment committee.



# Investiture of the Lieutenant Governor of Manitoba



INVESTITURE OF PETER M. LIBA AS MANITOBA'S 22ND LIEUTENANT GOVERNOR

IN JANUARY 1999, THE  
PRIME MINISTER OF CANADA  
REQUESTED THAT PETER LIBA,  
CANWEST'S EXECUTIVE DIRECTOR  
OF CORPORATE AFFAIRS, ASSUME  
THE POST OF LIEUTENANT  
GOVERNOR OF MANITOBA.

The five-year posting as the Queen's representative and head of state in the Province of Manitoba is a great honour for Mr. Liba and his entire family. He is one of the founding shareholders and the longest serving employee of CanWest, and was instrumental in the founding of the Company's first broadcast operation in Winnipeg. His appointment comes after a long and distinguished career as a broadcast executive and a contributor to his community, including service as Chairman of the St. Boniface General Hospital and a membership in the Order of Canada.

The following resolution was passed unanimously and enthusiastically by the Board of Directors:

*It is hereby resolved that the Board of Directors of CanWest Global Communications Corp. extends its heartiest congratulations to Mr. Peter Liba, CM on his appointment as Lieutenant Governor of Manitoba. Mr. Liba's contribution to CanWest, the broadcasting industry and the community at large has been outstanding and his services to the Company will be sorely missed. The Board joins in wishing Mr. Liba much happiness and fulfillment in his new role serving the people of Manitoba in his capacity as Lieutenant Governor.*

# MANAGEMENT'S REPORT TO SHAREHOLDERS

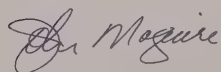
The accompanying financial statements were prepared by the management of the Company, which is responsible for the integrity and objectivity of the information contained therein. The statements have been prepared by qualified personnel in accordance with policies and procedures established by management. The Company's procedures and related internal control systems are designed to provide assurance that accounting records are reliable and to safeguard the Company's assets.

In management's opinion, the consolidated financial statements fairly reflect the financial position of the Company, the results of its operations and cash flows are prepared in accordance with generally accepted accounting principles.

In addition to the consolidated financial statements, management has prepared unaudited combined financial statements which include the accounts of the Company's investment in Network TEN on a proportionately consolidated basis which are supplementary to the consolidated financial statements. Management believes that the unaudited combined financial statements provide additional meaningful information regarding the magnitude and impact of the Company's investment in Network TEN. PricewaterhouseCoopers LLP, Chartered Accountants' compilation report on the unaudited combined financial statements can be found below.

PricewaterhouseCoopers LLP, as the Company's external auditors, have audited the consolidated financial statements and their report can be found on page 58. Their opinion is based upon an examination conducted in accordance with generally accepted auditing standards and a review of the Company's accounting policies and procedures and internal control systems. Based upon the evaluation of these systems, the external auditors conduct appropriate tests of the Company's accounting records and obtain sufficient audit evidence to provide reasonable assurance that the financial statements are presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The Audit Committee, none of the members of which are officers of the Company, meets at various times throughout the year, and reviews the Company's consolidated financial statements before recommending them to the Board of Directors for approval. It also reviews reports prepared by the external auditors of the Company on the Company's accounting policies and procedures and internal control systems. The Audit Committee recommends the appointment of the Company's external auditors, who are appointed annually by the Company's shareholders.



**John E. Maguire, C.A.**

*Vice-President, Finance and Chief Financial Officer*

October 29, 1999

## COMPILATION REPORT

### To the Directors of CanWest Global Communications Corp.

We have reviewed, as to compilation only, the accompanying unaudited combined balance sheets of CanWest Global Communications Corp. as at August 31, 1999 and August 31, 1998 and the unaudited combined statements of earnings, retained earnings and cash flows for the years then ended which have been prepared for inclusion in the Company's annual report. In our opinion, these unaudited combined financial statements have been properly compiled to give effect to proportionate consolidation of the Company's investment in The TEN Group Pty. Limited and the assumptions described in Note 1 thereto.

Readers are cautioned that these unaudited combined financial statements have been prepared by management as supplementary information to, and not as replacement for, the audited consolidated financial statements.



Chartered Accountants

Winnipeg, Canada

October 29, 1999



# COMBINED STATEMENTS OF EARNINGS

For the years ended August 31 (unaudited)

(thousands of dollars, except per share amounts)	1999	1998
<b>Revenue</b>	<b>881,998</b>	871,435
Broadcast operating expenses	<b>616,957</b>	557,210
<b>Broadcast operating profit before amortization</b>	<b>265,041</b>	314,225
Corporate and development expenses	<b>885</b>	13,112
<b>Operating profit before amortization</b>	<b>264,156</b>	301,113
Amortization of broadcast licences and goodwill	<b>13,495</b>	16,603
Other amortization	<b>23,354</b>	18,823
	<b>227,307</b>	265,687
Financing expenses	<b>(34,291)</b>	(33,780)
Investment income	<b>22,473</b>	5,321
	<b>215,489</b>	237,228
Provision for income taxes	<b>78,576</b>	88,493
Earnings before the following	<b>136,913</b>	148,735
Minority interests	<b>9,791</b>	(4,345)
Interest in earnings of equity accounted affiliates	<b>899</b>	970
Earnings before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments	<b>147,603</b>	145,360
Gain on sale of an 18.5% economic interest in Network TEN	<b>—</b>	60,757
Realized translation adjustments	<b>(1,500)</b>	(6,000)
<b>Net earnings for the year</b>	<b>146,103</b>	200,117
<b>Earnings per share</b>		
Earnings before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments		
Basic	<b>\$0.99</b>	\$0.97
Fully diluted	<b>\$0.98</b>	\$0.97
Net earnings		
Basic	<b>\$0.98</b>	\$1.34
Fully diluted	<b>\$0.97</b>	\$1.33

The notes constitute an integral part of the combined financial statements.

# COMBINED BALANCE SHEETS

As at August 31 (unaudited)

(thousands of dollars)	1999	1998
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and short term investments	46,000	65,303
Accounts receivable	164,634	160,006
Investment in film and television program rights	113,925	94,384
Other	8,945	6,294
	333,504	325,987
Other investments	691,759	495,092
Investment in film and television program rights	45,502	18,274
Property and equipment	129,903	128,404
Broadcast licences and goodwill	433,699	433,544
Other assets	55,063	58,008
	1,689,430	1,459,309
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank loans and advances	13,820	1,878
Accounts payable and accrued liabilities	174,846	143,844
Income taxes payable	38,163	35,087
Film and program accounts payable	55,192	52,603
Deferred revenue	4,144	8,341
Current portion of long-term debt	—	2,358
	286,165	244,111
Long-term debt	548,925	471,146
Film and program accounts payable	4,028	963
Other long-term liabilities	8,616	8,534
Deferred income taxes	26,082	32,396
Minority interests	19,399	16,118
	893,215	773,268
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	416,083	412,434
Contributed surplus	3,647	3,647
Retained earnings	412,833	311,544
Cumulative foreign currency translation adjustments	(36,348)	(41,584)
	796,215	686,041
	1,689,430	1,459,309

The notes constitute an integral part of the combined financial statements.



# COMBINED STATEMENTS OF RETAINED EARNINGS

For the years ended August 31 (unaudited)

(thousands of dollars)	1999	1998
<b>Retained earnings – beginning of year</b>	<b>311,544</b>	152,451
Net earnings for the year	<b>146,103</b>	200,117
Dividends	<b>(44,814)</b>	(41,024)
<b>Retained earnings – end of year</b>	<b>412,833</b>	311,544

The notes constitute an integral part of the combined financial statements.

# COMBINED STATEMENTS OF CASH FLOWS

For the years ended August 31 (unaudited)

(thousands of dollars, except per share amounts)	1999	1998
<b>CASH GENERATED (UTILIZED) BY:</b>		
<b>Operating Activities</b>		
Net earnings for the year	146,103	200,117
Items not affecting cash		
Amortization	38,810	36,245
Deferred income taxes	(800)	(5,962)
Interest in earnings of equity accounted affiliates	(899)	(970)
Minority interests	(9,791)	4,345
Gain on sale of an 18.5% economic interest in Network TEN	—	(60,757)
Gain on sale of other investments	(3,269)	—
Realized translation adjustments	1,500	6,000
	171,654	179,018
Purchase of property and equipment	(17,538)	(13,970)
Changes in non-cash operating accounts	(40,511)	(9,964)
	113,605	155,084
<b>Investing Activities</b>		
Acquisitions of media properties	—	(62,786)
Other investments	(190,466)	(376,137)
Proceeds from sale of an 18.5% economic interest in Network TEN	—	332,847
Acquisition and construction of broadcast facilities and licences	(2,530)	(32,420)
Other	(350)	(626)
	(193,346)	(139,122)
<b>Financing Activities</b>		
Dividends paid	(44,814)	(41,024)
Issuance (Repayment) of long-term debt	74,784	(15,897)
Issuance of share capital	3,649	3,129
Contribution by minority interests	14,877	—
Net change in bank loans and advances	11,942	(7,518)
	60,438	(61,310)
<b>Net change in cash</b>	<b>(19,303)</b>	<b>(45,348)</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>65,303</b>	<b>110,651</b>
<b>Cash and cash equivalents – end of year</b>	<b>46,000</b>	<b>65,303</b>
<b>Cash flow per share</b>		
Basic	\$1.15	\$1.20
Fully diluted	\$1.14	\$1.19

The notes constitute an integral part of the combined financial statements.

# NOTES TO COMBINED FINANCIAL STATEMENTS

For the years ended August 31, 1999 and 1998 (unaudited)

## 1. Basis of Presentation

These financial statements have been prepared on a combined basis to proportionately consolidate the Company's 57.5% (76% to April 1998) economic interest in Network TEN. Under generally accepted accounting principles, the Company's investment in Network TEN is accounted using the equity method. Under this method, the Company's share of net earnings and net assets of Network TEN are reported on one line in each of the statements of earnings and balance sheets. In management's opinion, these combined financial statements, reflecting the Company's proportionate interest in Network TEN's net earnings and net assets on a line-by-line basis, more clearly portray the magnitude of the Company's broadcasting operations.

## 2. Segmented Information

The Company operates primarily within the broadcasting and entertainment industries in Canada, Australia, New Zealand and Ireland. Segmented information in Canadian dollars is as follows:

(thousands of dollars)	Broadcasting				Entertainment	Corporate	Combined
	Canada	Australia	New Zealand	Ireland			
<b>Revenue</b>							
<b>1999</b>	<b>445,206</b>	<b>279,654</b>	<b>92,222</b>	<b>17,708</b>	<b>47,208</b>	<b>—</b>	<b>881,998</b>
1998	426,752	326,141	110,786	—	7,756	—	871,435
<b>Operating Profit (Loss) Before Amortization</b>							
<b>1999</b>	<b>171,414</b>	<b>100,957</b>	<b>6,753</b>	<b>(16,781)</b>	<b>2,698</b>	<b>(885)</b>	<b>264,156</b>
1998	168,595	120,307	23,521	—	1,802	(13,112)	301,113
<b>Identifiable Assets</b>							
<b>1999</b>	<b>404,137</b>	<b>290,327</b>	<b>182,718</b>	<b>53,916</b>	<b>93,857</b>	<b>664,475</b>	<b>1,689,430</b>
1998	383,233	266,685	180,610	39,791	90,814	498,176	1,459,309



# AUDITORS' REPORT

## to the Shareholders of CanWest Global Communications Corp.

We have audited the consolidated balance sheets of CanWest Global Communications Corp. as at August 31, 1999 and August 31, 1998 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 1999 and August 31, 1998 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*PricewaterhouseCoopers LLP*

Chartered Accountants

Winnipeg, Canada

October 29, 1999

# CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended August 31

(thousands of dollars, except per share amounts)	1999	1998
<b>Revenue</b>	<b>602,344</b>	545,294
Broadcast operating expenses	438,260	351,376
<b>Broadcast operating profit before amortization</b>	<b>164,084</b>	193,918
Corporate and development expenses	885	13,112
<b>Operating profit before amortization</b>	<b>163,199</b>	180,806
Amortization of broadcast licences and goodwill	9,050	8,324
Other amortization	20,246	13,808
	<b>133,903</b>	158,674
Financing expenses	(33,029)	(29,419)
Investment income	22,472	5,321
	<b>123,346</b>	134,576
Provision for income taxes	54,283	58,931
Earnings before the following	<b>69,063</b>	75,645
Minority interests	9,791	(4,345)
Interest in earnings of Network TEN	<b>68,749</b>	74,060
Gain on sale of an 18.5% economic interest in Network TEN, net of realized translation adjustments	—	60,757
Other realized translation adjustments	(1,500)	(6,000)
<b>Net earnings for the year</b>	<b>146,103</b>	200,117
<b>Earnings per share</b>		
Basic	<b>\$0.98</b>	\$1.34
Fully diluted	<b>\$0.97</b>	\$1.33

The notes constitute an integral part of the consolidated financial statements.

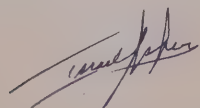
# CONSOLIDATED BALANCE SHEETS

As at August 31

(thousands of dollars)	1999	1998
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and short term investments	34,148	57,826
Accounts receivable	126,534	121,390
Distributions receivable from Network TEN	—	27,144
Investment in film and television program rights	76,791	65,593
Other	8,318	5,869
	245,791	277,822
Investment in Network TEN	159,996	116,681
Other investments	667,028	474,798
Investment in film and television programs rights	45,503	18,274
Property and equipment	110,011	108,954
Broadcast licences and goodwill	287,452	292,101
Other assets	52,672	57,268
	1,568,453	1,345,898
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Bank loans and advances	13,820	1,878
Accounts payable and accrued liabilities	98,097	97,466
Income taxes payable	18,609	13,484
Film and program accounts payable	27,328	27,690
Deferred revenue	4,144	8,341
Current portion of long-term debt	—	2,358
	161,998	151,217
Long-term debt	548,925	455,637
Film and program accounts payable	4,028	963
Deferred income taxes	30,336	35,922
Other	7,552	—
Minority interests	19,399	16,118
	772,238	659,857
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	416,083	412,434
Contributed surplus	3,647	3,647
Retained earnings	412,833	311,544
Cumulative foreign currency translation adjustments	(36,348)	(41,584)
	796,215	686,041
	1,568,453	1,345,898

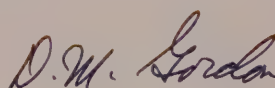
Signed on behalf of the Board

Director



The notes constitute an integral part of the consolidated financial statements.

Director





# CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

For the years ended August 31

(thousands of dollars)	1999	1998
<b>Retained earnings – beginning of year</b>	<b>311,544</b>	152,451
Net earnings for the year	<b>146,103</b>	200,117
Dividends	<b>(44,814)</b>	(41,024)
<b>Retained earnings – end of year</b>	<b>412,833</b>	311,544

The notes constitute an integral part of the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31

(thousands of dollars, except per share amounts)	1999	1998
<b>CASH GENERATED (UTILIZED) BY:</b>		
<b>Operating Activities</b>		
Net earnings for the year	146,103	200,117
Items not affecting cash		
Amortization	31,258	22,951
Deferred income taxes	(270)	8,423
Interest in earnings of Network TEN	(68,749)	(74,060)
Minority interests	(9,791)	4,345
Realized translation adjustments	1,500	6,000
Net gain on sale of an 18.5% economic interest in Network TEN	—	(60,757)
Gain on sale of other investments	(3,269)	—
Distributions from Network TEN	60,001	76,166
	156,783	183,185
Purchase of property and equipment	(15,398)	(11,069)
Changes in non-cash operating accounts	(50,660)	(31,589)
	90,725	140,527
<b>Investing Activities</b>		
Acquisitions of media properties	—	(62,786)
Other investments	(188,961)	(376,137)
Proceeds from sale of an 18.5% economic interest in Network TEN	—	335,163
Purchase of broadcast facilities and licences	(2,530)	(32,420)
Other	(350)	628
	(191,841)	(135,552)
<b>Financing Activities</b>		
Dividends paid	(44,814)	(41,024)
Issuance (repayment) of long-term debt	91,784	(6,899)
Issuance of share capital	3,649	3,129
Contribution by minority interests	14,877	—
Net change in bank loans and advances	11,942	(7,518)
	77,438	(52,312)
<b>Net change in cash</b>	<b>(23,678)</b>	<b>(47,337)</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>57,826</b>	<b>105,163</b>
<b>Cash and cash equivalents – end of year</b>	<b>34,148</b>	<b>57,826</b>
<b>Cash flow per share</b>		
Basic	\$1.05	\$1.22
Fully diluted	\$1.04	\$1.21

The notes constitute an integral part of the consolidated financial statements.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended August 31, 1999 and 1998

## 1. Significant Accounting Policies

The Company is an international media company. In Canada, the Company owns and operates the Global Television Network and Global Prime Cable Network, as well as CanWest Entertainment Inc., a production and distribution company. Internationally, the Company owns and operates New Zealand's TV3 and TV4 Television Networks and the More FM Radio Network. The Company also has a 57.5% economic interest in The TEN Group Pty. Limited, which owns and operates Australia's TEN Television Network ("Network TEN"), a 45% equity interest in the Republic of Ireland's new TV3 Television Network Limited ("TV3 Ireland") and a 29.9% equity interest in Northern Ireland's Ulster Television plc.

The preparation of financial statements in accordance with generally accepted accounting principles requires the Company to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses, and disclosure of contingencies. Future events could alter such estimates in the near term.

A summary of significant accounting policies followed in the preparation of these consolidated financial statements is as follows:

### **BASIS OF PRESENTATION**

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. All amounts are expressed in Canadian dollars unless otherwise noted. A reconciliation to accounting principles generally accepted in the United States is provided in Note 17.

### **PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of the Company and its subsidiaries.

### **INVESTMENT IN FILM AND TELEVISION PROGRAM RIGHTS**

#### **(a) Broadcast rights**

The Company has entered into various agreements for the rights to broadcast certain feature films and syndicated television programs. The Company records a liability for film and program rights and the corresponding asset when films and programs are available for telecast. Broadcast rights are charged to operations as programs are telecast over the anticipated period of use. Broadcast rights are carried at the lower of unamortized cost or net recoverable value based on undiscounted future cash flows.

#### **(b) Film and television programs**

Film and television programs include the unamortized costs of proprietary film and television programs which have been produced by the Company or for which the Company has acquired distribution rights and film and television programs in progress. Costs of produced or acquired film and television programs include all production expenditures, capitalized financing costs and other costs which are expected to benefit future periods and be recovered from future revenues, net of future liabilities. Film and television programs in progress represent the accumulated costs of uncompleted film and television programs, which are being produced by the Company.

Film and television programs are stated at the lower of amortized cost and net realizable value, with net realizable value calculated as the total undiscounted future revenues expected to be earned from the film and television programs, net of future costs. The individual film forecast method is used to amortize the costs of completed film and television programs, whereby amortization is determined based on the ratio that current revenues earned from the film and television programs bear to expected gross future revenues. Revenue estimates are reviewed periodically by management and are revised, if warranted, based on management's appraisal of current market conditions. Where applicable, unamortized costs are written down to net realizable value.



## FOREIGN CURRENCY TRANSLATION

The Company's operations in Australia, New Zealand and Ireland represent self-sustaining foreign operations, and the respective accounts have been translated into Canadian dollars in accordance with the current rate method. Assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates, and revenue and expenses are translated on the basis of average exchange rates during the periods. Any gains or losses arising from the translation of these accounts are deferred and included as a component of shareholders' equity as cumulative foreign currency translation adjustments. An applicable portion of these deferred gains and losses is included in the determination of net earnings when there is a reduction of the net investment.

## PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Amortization is provided over the assets' estimated useful lives on a straight line basis at the following annual rates:

Buildings	2 1/2%	—	5%
Broadcast and transmission facilities and other equipment	5%	—	33 1/3%
Leasehold and land improvements	2 1/2%	—	20%

## BROADCAST LICENCES AND GOODWILL

Broadcast licences and goodwill are recorded at cost. Amortization is provided on a straight line basis over 40 year periods. The Company reviews the carrying value of its broadcast licences and goodwill to determine if there has been a permanent impairment in value. The measurement of possible impairment is based primarily on the ability to recover the balances from expected future operating cash flows on an undiscounted basis.

## INVESTMENTS

The Company accounts for its investment in Network TEN using the equity method. Other investments are recorded at cost.

## PRE-OPERATING COSTS

Pre-operating costs incurred in new business undertakings are deferred prior to the commencement of commercial operations. Pre-operating costs are amortized over a period of 5 years.

## REVENUE RECOGNITION

Revenue derived from broadcasting activities consists primarily of the sale of air time which is recognized net of applicable agency commissions, at the time commercials are broadcast.

Revenue derived from the sale of distribution rights and equity in productions is recognized as earned when the film or television program is complete, amounts are due from the exhibitor or a contract is executed that irrevocably transfers distribution rights to a licensee or equity to an investor, the licence period has begun and there is reasonable assurance of collectibility of proceeds.

Amounts received and not yet recognized as revenue are included in deferred revenue.

## INCOME TAXES

Income taxes are provided using the tax allocation method whereby income taxes are recorded in the period in which transactions affect earnings, regardless of the period in which transactions are recognized for income tax purposes.

Income taxes on unremitted earnings of Network TEN are provided at rates applicable to distributions and are reflected as a reduction in interest in earnings from Network TEN. Income taxes on unremitted earnings of the other foreign operations are not provided as such earnings are expected to be indefinitely reinvested.

## CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash includes cash and short term investments with maturities of up to three months.

## PER SHARE CALCULATIONS

Basic earnings and cash flow per share are calculated using the daily weighted average number of shares outstanding. Cash flow is defined as earnings before amortization, deferred income taxes, interest in earnings of Network TEN net of cash distributions and realization of cumulative translation adjustments therefrom, gain on disposition of investments and minority interests.

Fully diluted earnings and cash flow per share are calculated using the daily weighted average number of shares that would have been outstanding at the year end date had all of the stock options issued by the Company been exercised at the later of the beginning of the year and when granted.

## FINANCIAL INSTRUMENTS

The fair values of the Company's financial assets and liabilities represent estimates of amounts at which these assets and liabilities could be exchanged in arm's length transactions between willing parties. As at August 31, 1999 and 1998, the carrying value of the Company's financial assets and liabilities approximate their fair market value except for certain investments more fully described in Note 4 and interest rate swaps described in Note 9. The financing costs in respect of the Company's interest rate swap contracts are amortized over the life of the related debt instrument.

## 2. Acquisitions

(a) Effective May 1998, the Company acquired Fireworks Entertainment Inc. ("Fireworks"), an independent film and television production and distribution company, for \$64,725,000.

Effective September 1997, the Company acquired a 51% interest in an English-service broadcast undertaking in Quebec known as CKMI for \$12,100,000. The service has been renamed Global Quebec. The Company has an option to acquire the remaining 49% interest after five years for \$1,000,000.

The Company accounted for these acquisitions using the purchase method. A summary of the fair value of the net assets acquired is as follows:

(thousands of dollars)		1998 CKMI	Total
Cash	15,039	—	15,039
Other current assets	14,734	—	14,734
Investment in film and television program rights	12,556	—	12,556
Broadcast licences and goodwill	33,496	13,100	46,596
Other assets	7,204	—	7,204
Current liabilities	(16,174)	—	(16,174)
Long-term liabilities	(2,130)	—	(2,130)
	64,725	13,100	77,825
Consideration:			
Cash	60,475	12,100	72,575
Other	4,250	1,000	5,250
	64,725	13,100	77,825

The results of operations reflect the revenues and expenses of the acquired operations since the dates of acquisition.

(b) During 1998, the Company established TV3 Ireland. TV3 Ireland has signed a 20 year broadcasting contract with the Independent Radio and Television Commission in Ireland, and in September 1998 launched the first privately-owned national television network in the Republic of Ireland. In September 1998, the Company sold 35% of TV3 Ireland to a third party, retaining a 45% shareholding and the right to appoint a majority of TV3 Ireland's board of directors.

## 3. Investment in Network TEN

The Company directly owns 15% of the issued ordinary shares and all of the convertible debentures and subordinated debentures of Network TEN, an Australian television broadcast network. During 1997, the Company provided financing totalling \$266,907,000 to two unassociated Australian-owned companies to allow those companies to acquire an aggregate of 37% of the issued common shares of Network TEN. Through these financing arrangements, the Company's economic interest in Network TEN increased from 57.5% to approximately 66% in December 1996 and to approximately 76% in January 1997. As a result of these financing transactions, the Company's economic interest in Network TEN's earnings in 1998 increased by \$8,397,000.

In April 1997, the Australian Broadcasting Authority ("ABA") issued a report which concluded that these financial transactions placed the Company in a position to control Network TEN and was therefore in breach of the Broadcasting Services Act. To rectify the breach, in April 1998 the shares at issue were sold to Ten Network Holdings Limited ("Ten Holdings"), a successor company to Telecasters North Queensland Limited, a public company which held 40% of the shares (representing a 20% economic interest) of Network TEN. The Company received net proceeds of an Australian public offering of shares of Ten Holdings, in the amount of A\$355,309,000, as consideration for the sale, realizing a gain on the transaction of A\$99,507,000. After conversion to Canadian dollars, and recognition of deferred foreign currency translation adjustments of \$33,100,000, the accounting gain on sale, expressed in Canadian dollars amounted to \$60,757,000. As a result of this sale, the Company's economic interest in Network TEN returned to 57.5%.

As a result of the economic entitlement to distributions and its contractual right to representation on Network TEN's board of directors, the Company accounts for its interest in Network TEN on the equity basis.

The following selected consolidated financial information of Network TEN has been prepared in accordance with accounting principles generally accepted in Canada. The accounts have been translated to Canadian dollars using the current rate method, whereby assets and liabilities are translated at the rate in effect on the balance sheet dates, and results of operations are translated at the average rates for the periods. During the year ending August 31, 1999, the average rate of exchange used to translate results of operations was A\$1.00 = C\$0.95 (1998 A\$1.00 = C\$0.96).

## NETWORK TEN

### Summary Consolidated Balance Sheets

	As at August 31	
(thousands of dollars)	1999	1998
<b>ASSETS</b>		
Current assets	152,544	130,971
Program rights and other	11,539	7,418
Property and equipment	34,595	33,827
Long-term investments	43,010	35,293
Broadcast licences	263,228	254,875
	504,916	462,384
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities	196,849	199,455
Bank loans and advances	—	26,973
Other long-term liabilities	1,848	14,841
Subordinated debentures issued to the Company	40,154	40,154
Shareholders' equity	266,065	180,961
	504,916	462,384

## NETWORK TEN

### Summary Consolidated Statements of Earnings

	For the 12 months ended August 31	
(thousands of dollars)	1999	1998
Revenue	486,354	479,305
Operating expenses	310,777	302,403
Operating profit before amortization	175,577	176,902
Amortization of broadcast licences	7,729	7,746
Other amortization	5,406	7,310
	162,442	161,846
Financing expenses	73,154	64,569
	89,288	97,277
Provision for income taxes	34,195	34,826
Earnings before the following	55,093	62,451
Interest in earnings of equity accounted affiliates	1,564	1,441
Net earnings for the period	56,657	63,892
Interest in respect of subordinated debentures held by the Company	70,960	58,020
Earnings for the period before interest in respect of subordinated debentures (1)	127,617	121,912

(1) The Company's economic interest in Network TEN's earnings, after providing for foreign income tax, is \$68,749,000 (1998 – \$74,060,000).



## Other Consolidated Financial Data

(thousands of dollars)	For the 12 months ended August 31	
	1999	1998
Cash flow from operations	<b>138,000</b>	111,000
Distributions paid	<b>89,000</b>	161,000
Capital expenditures	<b>3,700</b>	4,000

At August 31, 1999, the Company's share of undistributed earnings of Network TEN was approximately \$130,000,000 (1998 – \$87,000,000). The market value of the Company's investment in Network TEN based on quoted market rates for Ten Network Holdings Limited at August 31, 1999 was approximately \$1,090,000,000 (1998 – \$833,000,000).

The Australian Taxation Office ("ATO") is presently conducting a review of certain aspects of the affairs of Network TEN. As a result of that work, further information has been sought by the ATO in relation to the circumstances in which the subordinated debentures were issued in December 1992 and the operation of a consultancy agreement with the Company. No assessments have been issued by the ATO in relation to these matters. It is considered that the probable outcome is one which is not likely to have a material effect.

## 4. Other Investments

(thousands of dollars)	1999		1998	
	Cost	Market Value	Cost	Market Value
WIC Western International Communications Ltd.	<b>383,329</b>	<b>520,000</b>	381,775	520,000
Ulster Television plc	<b>92,006</b>	<b>81,936</b>	92,006	73,000
Alliance Atlantis Communications Inc.	<b>24,466</b>	<b>25,611</b>	—	—
Internet Broadcasting Systems Inc.	<b>14,593</b>	<b>19,800</b>	—	—
LifeServ Corporation	<b>7,367</b>	<b>7,367</b>	—	—
Other companies	<b>145,267</b>	<b>137,091</b>	1,017	1,000
	<b>667,028</b>	<b>791,805</b>	474,798	594,000

Market values are based on quoted closing prices for publicly traded securities, and most recent purchase transactions and agreements for non-listed securities.

During 1998, the Company increased its investment in WIC Western International Communications Ltd. ("WIC") to 11,930,011 Class B non-voting shares, and 320 Class A voting shares, representing an approximate 44% aggregate shareholding in WIC.

In November 1999, the Company reached an agreement with the other significant WIC shareholders as to a division of WIC's assets. Under the terms of this agreement, the Company will acquire all of the shares in WIC that it currently does not hold for approximately \$600,000,000 in cash.

As part of this transaction, Shaw Communications Inc. and Corus Entertainment Inc. will acquire all of WIC's radio, certain pay and specialty television undertakings, satellite television interests and other related assets for a combination of cash, common shares and convertible preferred shares, aggregating approximately \$430,000,000.

As a result of these transactions, the Company will own 100% of the issued and outstanding shares of WIC and its conventional television and television-related entertainment assets and interests in certain new cable television assets. Completion of this transaction is contingent upon a number of conditions precedent, and the transfer of control of the WIC television assets and cable television assets is subject to the approval of the CRTC.

## 5. Investment in Film and Television Program Rights

(thousands of dollars)	1999		1998	
	Current	Long-Term	Current	Long-Term
Broadcast rights	<b>68,767</b>	<b>11,752</b>	63,440	1,101
Completed film and television programs and distribution rights acquired, net of amortization	<b>8,024</b>	<b>11,460</b>	2,153	8,489
Film and television programs in progress	—	<b>22,291</b>	—	8,684
	<b>76,791</b>	<b>45,503</b>	65,593	18,274

Subsidiaries of the Company have provided financial guarantees on certain credit facilities arranged for the acquisition of film and television programs. An amount of US\$16,000,000 has been guaranteed, in addition to the guarantee of certain interest obligations on such facilities.

## 6. Property and Equipment

Property and equipment are classified as follows:

(thousands of dollars)	1999		
	Cost	Accumulated amortization	Net
Land	<b>4,395</b>	—	<b>4,395</b>
Buildings	<b>19,744</b>	<b>9,373</b>	<b>10,371</b>
Broadcast and transmission facilities, and other equipment	<b>196,604</b>	<b>111,598</b>	<b>85,006</b>
Leasehold and land improvements	<b>15,558</b>	<b>5,319</b>	<b>10,239</b>
	<b>236,301</b>	<b>126,290</b>	<b>110,011</b>

(thousands of dollars)	1998		
	Cost	Accumulated amortization	Net
Land	4,401	—	4,401
Buildings	18,912	8,699	10,213
Broadcast and transmission facilities, and other equipment	190,123	106,057	84,066
Leasehold and land improvements	14,813	4,539	10,274
	228,249	119,295	108,954

## 7. Broadcast Licences and Goodwill

The Company's broadcasting activities are regulated by various regulatory authorities. Each broadcasting undertaking operates under licences which are granted for varying periods and are subject to certain performance requirements.

(thousands of dollars)	1999	1998
Broadcast licences, at cost	<b>320,330</b>	316,134
Accumulated amortization	<b>(65,413)</b>	(57,318)
	<b>254,917</b>	258,816
Goodwill, at cost	<b>33,585</b>	33,495
Accumulated amortization	<b>(1,050)</b>	(210)
	<b>32,535</b>	33,285
	<b>287,452</b>	292,101

## 8. Other Assets

(thousands of dollars)	1999	1998
Prepaid expenses	2,290	5,625
Petroleum and natural gas investments	17,444	17,462
Pre-operating costs	18,314	19,736
Other	14,624	14,445
	<b>52,672</b>	<b>57,268</b>

## 9. Long Term Debt

(thousands of dollars)	1999	1998
Demand bank loans (IRE£4,604) <sup>(1)</sup>	9,252	—
Term bank loans <sup>(2)</sup>	520,593	437,013
Note payable bearing interest at 5% per annum, due August 2001	14,830	14,374
Note payable bearing interest at prime less 2% per annum, due May 2003	4,250	4,250
Loan payable bearing interest at 8% per annum, due October 1998	—	2,358
	<b>548,925</b>	<b>457,995</b>
Less: portion due within one year	—	(2,358)
Long-term portion	<b>548,925</b>	<b>455,637</b>

(1) Credit facilities provide for demand bank loans in the maximum amount of IRE£10,000,000 maturing in May 2000. The debt bears interest at floating rates. As the Company intends to refinance this facility upon maturity, the loan has been classified as long-term.

(2) Credit facilities provide for term bank loans in the maximum amounts of \$1,000,000,000 and \$15,000,000 and mature August 2005 and the amount of credit available under term facilities decreases periodically until maturity.

Interest costs on a principal amount of \$400,000,000 have been fixed at rates ranging from 5.7% to 5.8% plus a stamping fee for terms ranging from 5 to 10 years. Interest costs are charged at short term bankers' acceptance rates plus 5.72% on a principal amount of \$100,000,000 through the use of an interest rate swap maturing in February 2000. The Company estimates the present value of its benefit under the swaps based on quoted market rates at August 31, 1999 to be \$5,800,000 (1998 – NIL). The balance of the debt bears interest at floating rates and is primarily financed through short term bankers' acceptances at rates lower than the prime lending rate.

Principal payments in respect of long-term debt over the next five years are:

Year ending August 31	(thousands of dollars)
2000	—
2001	14,830
2002	200
2003	61,782
2004	200,800

In addition to the facilities described above, the Company has an additional operating loan facility payable on demand of \$20,000,000 at floating rates. As at August 31, 1999, the Company's indebtedness under this facility was \$13,820,000 (1998 – \$1,878,000). Also, the Company has contingent obligations under outstanding letters of credit totalling IRE£19,800,000, related to the financing of TV3 Ireland.



## 10. Capital Stock

### AUTHORIZED

Authorized capital consists of an unlimited number of preference shares issuable in series, an unlimited number of multiple voting shares, an unlimited number of subordinate voting shares and an unlimited number of non-voting shares.

The multiple voting shares, the subordinate voting shares and the non-voting shares rank equally on a per share basis in respect of dividends and distributions of capital and are subordinate to the preference shares. Subordinate voting shares carry one vote per share and multiple voting shares carry ten votes per share. Non-voting shares do not vote, except at meetings where the holders of such shares would be entitled by law to vote separately as a class.

Multiple voting shares are convertible into subordinate voting shares and non-voting shares on a one-for-one basis at any time at the option of the holder. Subordinate voting shares are convertible into non-voting shares on a one-for-one basis at any time at the option of the holder. Non-voting shares are convertible into subordinate voting shares on a one-for-one basis provided the holder is Canadian.

### ISSUED

(thousands of dollars)	1999	1998
78,040,908 (1998 – 78,040,908) multiple voting shares	3,252	3,252
67,706,697 (1998 – 62,777,825) subordinate voting shares	378,385	332,103
3,847,291 (1998 – 8,528,337) non-voting shares	34,446	77,079
	416,083	412,434

Changes in outstanding share capital during the two years ended August 31, 1999 were as follows:

	Number of Shares	Amount (thousands of dollars)
<b>Multiple voting share capital:</b>		
Balance – August 31, 1998 & 1999	78,040,908	3,252
<b>Subordinate voting share capital:</b>		
Balance – August 31, 1997	59,493,514	302,356
Shares issued pursuant to:		
Share purchase plans	33,868	881
Exercise of stock options	432,045	944
Dividend reinvestment plan	50,854	1,302
Conversion from non-voting shares – net	2,767,544	26,620
Balance – August 31, 1998	62,777,825	332,103
Shares issued pursuant to:		
Share purchase plans	42,476	804
Exercise of stock options	46,483	122
Dividend reinvestment plan	157,168	2,693
Conversion from non-voting shares – net	4,682,745	42,663
Balance – August 31, 1999	67,706,697	378,385
<b>Non-voting share capital:</b>		
Balance – August 31, 1997	11,295,785	103,697
Shares issued pursuant to:		
Dividend reinvestment plan	96	2
Conversion to subordinate voting shares – net	(2,767,544)	(26,620)
Balance – August 31, 1998	8,528,337	77,079
Shares issued pursuant to:		
Dividend reinvestment plan	1,699	30
Conversion to subordinate voting shares – net	(4,682,745)	(42,663)
Balance – August 31, 1999	3,847,291	34,446

## SHARE COMPENSATION PLANS

The Company's board of directors has approved share compensation plans, the purpose of which is to provide employees and certain directors of the Company and its subsidiaries with the opportunity to participate in the growth and development of the Company through the granting of options and share purchase loans. At any time, the number of subordinate voting and non-voting shares reserved and set aside for purposes of the plans may not exceed 10% of the issued shares of the Company.

Options generally vest over a five year period and are exercisable on a cumulative basis over a ten year period, except that under certain specified conditions the options become exercisable immediately. The exercise price represents the market trading price at the date on which the option was granted.

Under management and employee share purchase plans, employees may purchase subordinate voting shares or non-voting shares from treasury at the market trading price using non-interest bearing short term loans provided by the Company. The shares are held as collateral by a trustee until the loans are repaid.

Changes in outstanding options to purchase subordinate voting shares or non-voting shares for the two years ended August 31 are as follows:

	1999	1998
Options outstanding, beginning of year	1,470,697	1,760,437
Changes pursuant to:		
Options granted	76,009	150,733
Options exercised	(46,483)	(432,045)
Options expired	(6,277)	(8,428)
Options outstanding at end of year	1,493,946	1,470,697

The following options to purchase subordinate voting shares or non-voting shares were outstanding as at August 31, 1999:

Year Granted	Exercise Price	Expiry Date	Number Outstanding
1992	\$ 1.63 – \$ 1.82	2002	194,721
1993	\$ 2.15 – \$ 2.86	2003	239,646
1994	\$ 3.58	2004	16,069
1995	\$ 4.60	2005	30,292
1996	\$ 7.13 – \$ 12.92	2006	640,742
1997	\$ 14.24 – \$ 22.50	2007	151,786
1998	\$ 22.95 – \$ 25.99	2008	150,633
1999	\$ 18.93 – \$ 21.40	2009	70,057
			1,493,946

## DIVIDEND REINVESTMENT PLAN

The Company has established a dividend reinvestment plan. Under the terms of this plan, shareholders may, under certain conditions, apply their cash dividends to the purchase of shares from treasury at a price equal to 95% of the average market trading price of the shares.

## 11. Cumulative Translation Adjustments

The cumulative foreign currency translation adjustments account reflects the net changes in the respective book values of the Company's investments in self-sustaining foreign operations due to exchange rate fluctuations since the respective dates of their acquisition or start-up.

The changes in this account during the years ended August 31, 1999 and 1998 arise from changes in the Australian, New Zealand and Irish currencies relative to the Canadian currency, and changes in the Company's net investment in the book values of international operations.

Changes in this account during the last two years were as follows:

(thousands of dollars)	1999	1998
Deferred loss, beginning of year	<b>41,584</b>	14,339
Deferred foreign currency exchange (gain) loss during the year	<b>(3,736)</b>	62,653
Realization of translation gain (loss) due to:		
Divestitures	—	(33,108)
Distributions	<b>(1,500)</b>	(2,300)
Deferred loss, end of year	<b>36,348</b>	41,584

The balance of cumulative translation adjustments at the end of the year represents net unrealized losses (gains) as follows:

(thousands of dollars)	1999	1998
Australian dollar	<b>3,080</b>	10,245
New Zealand dollar	<b>33,490</b>	33,662
Irish punt	<b>(222)</b>	(2,323)
	<b>36,348</b>	41,584

## 12. Income Taxes

The Company's provision for income taxes reflects an effective income tax rate which differs from the combined Canadian statutory rate as follows:

(thousands of dollars)	1999	1998
Income taxes at combined Canadian statutory rates of 43.79% (1998 – 44.68%)	<b>54,011</b>	60,132
Non-taxable portion of capital gains	<b>(3,362)</b>	—
Effect of non-deductibility of broadcast licence and goodwill amortization expense	<b>3,429</b>	3,434
Effect of foreign income tax rates differing from Canadian income tax rates	<b>1,340</b>	(2,248)
Other	<b>(1,135)</b>	(2,387)
	<b>54,283</b>	58,931



An analysis of the provision for current and deferred income taxes by jurisdiction follows:

(thousands of dollars)	1999	1998
Current income taxes		
Canada	53,730	48,865
Other	823	1,643
	54,553	50,508
Deferred income taxes		
Canada	1,841	2,640
Other	(2,111)	5,783
	(270)	8,423
Provision for income taxes	54,283	58,931

### 13. Statements of Cash Flows

The following amounts comprise the net change in non-cash operating accounts included in the statements of cash flows:

(thousands of dollars)	1999	1998
<b>CASH GENERATED (UTILIZED) BY:</b>		
Accounts receivable	(6,491)	(14,196)
Film and television program rights	(38,426)	(15,895)
Other current assets	(908)	(23,076)
Other assets	(2,520)	(5,306)
Accounts payable and accrued liabilities	(1,627)	21,594
Income taxes payable	807	(15,134)
Deferred revenue	(4,197)	8,341
Film and program accounts payable	2,702	12,083
	(50,660)	(31,589)

The following amounts were paid on account of interest and income taxes:

(thousands of dollars)	1999	1998
Interest	36,346	29,967
Income taxes	57,186	67,960

### 14. Retirement Assets and Obligations

The Company and certain of its subsidiaries maintain defined contribution pension plans. Contributions to these plans are expensed as incurred. In addition, one of the Company's subsidiaries maintains certain defined benefit pension plans. As at August 31, 1999, the market value of retirement fund assets under these plans were \$17,418,000 (1998 – \$14,903,000). These assets were available to meet the present value of accrued retirement obligations of \$12,593,000 (1998 – \$11,493,000).

## 15. Segmented Information

The Company operates primarily within the broadcasting and entertainment industries in Canada, New Zealand, Ireland and Australia.

Segment performance is measured primarily on the basis of operating profit. There are no significant intersegment items. Each segment reported below operates as a strategic business unit with separate management.

Segmented information in Canadian dollars is as follows:

	Canada	Broadcasting		Ireland	Entertainment	Corporate	Consolidated
(thousands of dollars)		New Zealand TV	Radio				
<b>Revenue from external customers</b>							
1999	445,206	72,011	20,211	17,708	47,208	—	602,344
1998	426,752	91,646	19,140	—	7,756	—	545,294
<b>Operating profit before amortization</b>							
1999	171,414	1,700	5,053	(16,781)	2,698	(885)	163,199
1998	168,595	19,199	4,322	—	1,802	(13,112)	180,806
<b>Amortization of broadcast licences and goodwill</b>							
1999	5,645	1,772	597	171	840	25	9,050
1998	5,645	1,831	609	—	210	29	8,324
<b>Other amortization</b>							
1999	10,590	4,606	503	3,778	81	688	20,246
1998	8,097	4,582	481	—	18	630	13,808
<b>Financing expenses (revenue)</b>							
1999	44,813	(401)	—	2,282	(280)	(13,385)	33,029
1998	40,725	(689)	(35)	—	(246)	(10,336)	29,419
<b>Investment income</b>							
1999	—	—	—	—	—	22,472	22,472
1998	—	—	—	—	—	5,321	5,321
<b>Earnings (loss) before taxes</b>							
1999	110,366	(4,277)	3,953	(23,012)	2,057	34,259	123,346
1998	114,128	13,475	3,267	—	1,820	1,886	134,576
<b>Provision for (recovery of) income taxes</b>							
1999	45,441	(944)	1,501	(2,669)	1,289	9,665	54,283
1998	48,475	4,505	1,279	—	900	3,772	58,931
<b>Capital expenditures</b>							
1999	9,250	3,301	1,433	3,293	183	468	17,928
1998	12,912	4,098	385	13,180	66	209	30,850
<b>Property and equipment, broadcast licences, and goodwill</b>							
1999	225,758	84,143	24,358	19,255	32,857	11,092	397,463
1998	230,552	87,854	24,005	14,298	33,505	10,841	401,055
<b>Identifiable assets</b>							
1999	404,137	148,306	34,412	53,916	93,857	833,825	1,568,453
1998	383,233	150,185	30,425	39,791	90,814	651,450	1,345,898

Selected financial information for Network TEN is presented in Note 3.

## 16. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

## 17. United States Accounting Principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). In certain aspects GAAP as applied in the United States ("U.S.") differs from Canadian GAAP.

### (a) PRINCIPAL DIFFERENCES

#### Foreign Currency Translation

- (a) In the U.S., deferral of exchange gains and losses on the translation of long-term foreign currency monetary items is not permitted. Such gains and losses are included in earnings in the period they arise.
- (b) In the U.S., distributions from self-sustaining foreign operations do not result in a realization of the cumulative translation adjustments account. Realization of such foreign currency translation adjustments occurs only upon the sale of all or a part of the investment giving rise to the translation adjustments.

#### Pre-operating Costs

In the U.S., pre-operating costs are expensed in the period incurred. In accordance with Canadian GAAP, the Company defers pre-operating costs until commencement of commercial operations and amortizes the costs over a period of five years.

#### Income Taxes

Under U.S. GAAP, income taxes are provided using the liability method, as opposed to the deferral method adopted by the Company. Under the liability method, deferred tax assets and liabilities are recognized for the differences between the financial statement carrying amounts and the respective tax basis of assets and liabilities (temporary differences) at the enacted tax rates.

#### Investment in Marketable Securities

In the U.S. investment assets classified as "available for sale" are carried at market, and unrealized gains and losses are included, net of tax, in accumulated comprehensive income. In accordance with Canadian GAAP, the Company carries its investment in marketable securities at cost.

#### Comprehensive Income

Comprehensive income, defined as all changes in equity other than those resulting from investments by owners and distributions to owners, must be reported under U.S. GAAP.

#### Stock Based Compensation

U.S. GAAP encourages companies to include the fair value of stock options granted in the determination of compensation cost.

For U.S. GAAP reconciliation purposes, the Company follows the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123"). As permitted by SFAS 123, the Company continues to apply the intrinsic value method of accounting for stock-based compensation prescribed by Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees."

In computing pro-forma net earnings for U.S. GAAP had the Company elected to adopt the fair value approach of SFAS 123, the fair value of the options granted during 1999 was estimated using the Black-Scholes option-pricing model with the assumptions of a dividend yield of 1.75% (1998 – 1.64%), an expected volatility of 32.5% (1998 – 35%), a risk-free interest rate of 5.3% (1998 – 5.2%) and an expected life of 4 to 7 years (1998 – 5 to 7 years).



The total value of 76,009 stock options that were granted by the Company during 1999 was \$538,000 (during 1998, 150,733 stock options were granted with a total value of \$1,340,000). The cost of stock compensation expense for the year ended August 31, 1999 would be \$821,000 (1998 – \$719,000). An unrecognized value of \$2,518,000 will be charged to pro forma net earnings in future years according to the vesting terms of the options. The resulting pro forma net earnings and fully diluted earnings per share under U.S. GAAP for the year ended August 31, 1999 are \$145,646,000 and \$0.97 respectively (1998 – \$188,762,000 and \$1.26 respectively).

The effects of applying this method in this pro forma disclosure are not indicative of future amounts. The Company's adoption for pro forma disclosure of this method does not apply to awards prior to 1996, and additional awards in future years are anticipated.

## Earnings Per Share

Under both U.S. and Canadian GAAP, basic earnings per share is computed by dividing the net earnings available to common shareholders for the period as measured by the respective accounting principles by the weighted average number of common shares outstanding during the period. Basic earnings per share excludes the dilutive effect of potential common shares.

Fully diluted earnings per share under Canadian GAAP and diluted earnings per share under U.S. GAAP give effect to all potential common shares outstanding during the period. Under Canadian GAAP, fully diluted earnings per share is calculated assuming that the proceeds from the exercise of potential common shares are invested at an appropriate rate of return, and an imputed interest amount is added to net earnings for the period. The number of fully diluted shares outstanding represents the weighted average maximum number of potential common shares outstanding.

Under U.S. GAAP, the weighted average number of diluted shares outstanding is calculated assuming that the proceeds from potential common shares are used to repurchase common shares at the average share price in the period. No adjustment is made to net earnings for imputed interest in calculating diluted earnings per share under U.S. GAAP.

The options outstanding have a dilutive effect of \$0.01 per share under Canadian GAAP, and no dilutive effect under U.S. GAAP.

## (b) RECONCILIATION OF FINANCIAL STATEMENTS

### (i) Consolidated Statements of Earnings

The following is a reconciliation of net earnings reflecting the differences between Canadian and U.S. GAAP:

(thousands of dollars, except per share amounts)	Years ended August 31	
	1999	1998
Net earnings in accordance with Canadian GAAP	146,103	200,117
Adjustment to expenses for pre-operating costs – net of tax of \$631 (1998 – \$6,800)	437	(12,936)
Adjustment to expenses for deferred foreign exchange loss on foreign denominated debt	127	–
Adjustment to eliminate the loss arising from realization of cumulative translation adjustments	1,500	2,300
Adjustments relating to the liability method of accounting for income taxes:		
Amortization of broadcast licences	(6,255)	(6,265)
Provision for income taxes	4,555	6,265
Net earnings in accordance with U.S. GAAP	146,467	189,481
Net earnings per share		
Basic	\$0.98	\$1.27
Fully diluted	\$0.98	\$1.26

## (ii) Statements of Comprehensive Income

### (a) Comprehensive income – current periods:

(thousands of dollars)	Years ended August 31	
	1999	1998
Net earnings in accordance with U.S. GAAP	146,467	189,481
Other comprehensive income, net of tax:		
Foreign currency translation gain (loss)	3,736	(62,653)
Less: reclassification adjustment for losses realized in net earnings	–	33,108
	3,736	(29,545)
Unrealized gains on securities, net of tax of \$4,634 (1998 – \$41,407)	17,733	59,611
	21,469	30,066
Comprehensive income	167,936	219,547

### (b) Comprehensive income – accumulated balances:

(thousands of dollars)	Foreign currency translation	Unrealized gains on securities	Total
Balance, August 31, 1997	(7,469)	11,884	4,415
Change during 1998	(29,545)	59,611	30,066
Balance, August 31, 1998	(37,014)	71,495	34,481
Change during 1999	3,736	17,733	21,469
Balance, August 31, 1999	(33,278)	89,228	55,950

## (iii) Consolidated Balance Sheets

Balance sheet captions restated to reflect the above items are presented below:

(thousands of dollars)	As at August 31	
	1999	1998
<b>ASSETS</b>		
Current assets	245,790	277,824
Investment in Network TEN	154,436	111,121
Property and equipment	110,011	108,953
Broadcast licences and goodwill	456,474	465,942
Investment in marketable securities, and other	808,558	593,961
Other assets	84,331	62,606
	1,859,600	1,620,407
<b>LIABILITIES</b>		
Current liabilities	162,945	151,218
Long-term debt	548,925	455,637
Other liabilities	30,388	17,082
Deferred income taxes	264,520	270,419
	1,006,778	894,356
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock	416,083	412,434
Contributed surplus	3,647	3,647
Retained earnings	377,142	275,489
Accumulated other comprehensive income	55,950	34,481
	852,822	726,051
	1,859,600	1,620,407

A reconciliation of shareholders' equity reflecting the differences between Canadian and U.S. GAAP is set out below:

(thousands of dollars)	As at August 31	
	1999	1998
Shareholders' equity in accordance with Canadian GAAP	<b>796,215</b>	686,041
Adjustments relating to pre-operating costs, net of tax of \$4,469 (1998 – \$6,800)	<b>(12,499)</b>	(12,936)
Adjustments relating to deferred foreign exchange losses	<b>(4,961)</b>	(5,088)
Adjustments relating to the liability method of accounting for income taxes	<b>(15,161)</b>	(13,461)
Adjustment to reflect unrealized gain on other investments net of tax of \$52,302 (1998 – \$47,668)	<b>89,228</b>	71,495
Shareholders' equity in accordance with U.S. GAAP	<b>852,822</b>	726,051

#### (iv) Other

##### Deferred Income Tax Balances

Components of the balances of deferred income tax assets and liabilities calculated under U.S. GAAP are as follows:

(thousands of dollars)	As at August 31	
	1999	1998
Non-current assets:		
Tax benefit of unutilized losses	<b>4,469</b>	6,800
Non-current liabilities:		
Differences in tax and accounting bases of depreciating property and equipment	<b>4,945</b>	5,905
Differences in tax and accounting bases of broadcast licences	<b>181,883</b>	186,829
Tax on unrealized gain on other investments	<b>52,302</b>	47,668
Timing differences in investments in non-broadcasting activities	<b>15,080</b>	17,393
Other	<b>10,310</b>	12,624
	<b>264,520</b>	270,419



# SUMMARIZED QUARTERLY FINANCIAL INFORMATION

For the three month periods ended (unaudited)

(in thousands of dollars, except as noted)	1999				1998			
	Aug. 31	May 31	Feb. 28	Nov. 30	Aug. 31	May 31	Feb. 28	Nov. 30
<b>COMBINED OPERATING RESULTS <sup>(1)</sup></b>								
Revenue	180,414	233,178	205,217	263,189	170,586	223,399	207,120	270,330
Operating profit before amortization (EBITDA)	28,624	86,243	52,440	96,849	41,269	78,103	69,068	112,673
Earnings before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments	10,610	44,596	39,186	53,211	18,171	39,790	30,902	56,497
Gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments	—	—	—	(1,500)	—	60,757	—	(6,000)
Net earnings	10,610	44,596	39,186	51,711	18,171	100,547	30,902	50,497
Cash flow from operations <sup>(2)</sup>	12,373	63,264	31,499	64,518	13,866	50,569	42,687	71,896
<b>PER SHARE INFORMATION <sup>(1)</sup></b>								
Earnings before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments								
Basic	\$ 0.07	\$ 0.30	\$ 0.26	\$ 0.36	\$ 0.12	\$ 0.27	\$ 0.21	\$ 0.38
Fully diluted	\$ 0.07	\$ 0.30	\$ 0.26	\$ 0.35	\$ 0.12	\$ 0.26	\$ 0.21	\$ 0.38
Net earnings								
Basic	\$ 0.07	\$ 0.30	\$ 0.26	\$ 0.35	\$ 0.12	\$ 0.67	\$ 0.21	\$ 0.34
Fully diluted	\$ 0.07	\$ 0.30	\$ 0.26	\$ 0.34	\$ 0.12	\$ 0.67	\$ 0.21	\$ 0.34
Cash flow from operations								
Basic	\$ 0.08	\$ 0.42	\$ 0.21	\$ 0.43	\$ 0.09	\$ 0.34	\$ 0.29	\$ 0.48
Fully diluted	\$ 0.08	\$ 0.42	\$ 0.21	\$ 0.43	\$ 0.09	\$ 0.34	\$ 0.28	\$ 0.48
<b>TRADING STATISTICS</b>								
Trading volumes — TSE								
Subordinate voting shares	6,699,011	12,347,060	8,188,245	6,827,124	5,205,526	4,300,076	5,259,613	5,435,967
Non-voting shares	2,705,680	1,461,106	1,024,693	1,081,892	729,367	494,687	1,477,830	477,191
Trading volumes — NYSE								
Non-voting shares	1,177,700	1,916,300	406,600	485,900	453,100	1,545,700	1,663,100	607,100
Market price of subordinate voting shares								
High	\$22.00	\$21.50	\$24.50	\$22.50	\$27.00	\$28.25	\$26.90	\$28.50
Low	\$19.00	\$18.25	\$18.00	\$16.80	\$20.55	\$25.50	\$22.75	\$22.55
Market price of non-voting shares — TSE								
High	\$22.00	\$21.50	\$24.30	\$22.50	\$27.00	\$28.35	\$26.90	\$28.20
Low	\$18.80	\$18.25	\$18.00	\$17.00	\$20.60	\$25.00	\$22.60	\$22.75
Market share price of non-voting shares — NYSE								
High (\$US)	\$14.88	\$14.13	\$16.13	\$14.63	\$18.00	\$19.63	\$18.69	\$20.44
Low (\$US)	\$12.69	\$12.25	\$11.06	\$10.88	\$13.19	\$17.50	\$16.88	\$16.38

<sup>(1)</sup> Operating results and per share information have been prepared on a combined basis, proportionately consolidating the Company's 57.5% interest (76% to April 1998) in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

<sup>(2)</sup> Earnings before amortization, deferred income taxes, interest in earnings of equity accounted affiliates, realization of cumulative translation adjustments, gain on disposition of investments and minority interests.

# 13 YEAR FINANCIAL REVIEW

For the years ended August 31

(in thousands of dollars, except as noted)	1999	1998	1997	1996
<b>COMBINED OPERATING RESULTS<sup>(1)</sup></b>				
Revenue	<b>881,998</b>	871,435	835,118	628,018
Operating profit before amortization (EBITDA)	<b>264,156</b>	301,113	274,331	206,318
Operating profit margin	<b>29.9%</b>	34.6%	32.8%	32.9%
Equity in earnings of equity accounted affiliates	<b>899</b>	970	971	1,234
Earnings from continuing operations before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments	<b>147,603</b>	145,360	137,762	105,589
Net earnings	<b>146,103</b>	200,117	141,862	102,170
Cash flow from operations <sup>(3)</sup>	<b>171,654</b>	179,018	205,165	137,176
<b>PER SHARE INFORMATION<sup>(1)</sup></b>				
Earnings from continuing operations before gain on sale of an 18.5% economic interest in Network TEN and realized translation adjustments				
Basic	<b>\$ 0.99</b>	\$ 0.97	\$ 0.93	\$ 0.75
Fully diluted	<b>\$ 0.98</b>	\$ 0.97	\$ 0.92	\$ 0.74
Cash flow from operations <sup>(3)</sup>				
Basic	<b>\$ 1.15</b>	\$ 1.20	\$ 1.38	\$ 0.98
Fully diluted	<b>\$ 1.14</b>	\$ 1.19	\$ 1.37	\$ 0.96
<b>COMBINED FINANCIAL POSITION <sup>(1)</sup></b>				
Total assets	<b>1,689,430</b>	1,459,309	1,373,483	948,406
Capital expenditures	<b>20,068</b>	46,390	26,753	15,635
Long-term debt	<b>548,925</b>	471,146	508,898	223,640
Shareholders' equity	<b>796,215</b>	686,041	551,064	475,035
Shareholders' equity attributable to equity shares	<b>796,215</b>	686,041	551,064	475,035
Return on average equity	<b>19.71%</b>	32.35%	27.65%	27.90%
Weighted average number of shares outstanding	<b>149,502,365</b>	149,158,918	148,265,654	140,527,809
<b>TRADING STATISTICS</b>				
Trading volumes				
Subordinate voting shares — TSE	<b>34,061,440</b>	20,201,182	24,096,101	17,796,627
Non-voting shares — TSE	<b>6,273,371</b>	3,179,075	2,221,281	565,847
Non-voting shares — NYSE	<b>3,986,500</b>	4,269,000	10,202,100	7,059,500
Market price of subordinate voting shares				
High	<b>\$24.50</b>	\$ 28.50	\$ 24.65	\$ 13.75
Low	<b>\$16.80</b>	\$ 20.55	\$ 13.70	\$ 6.24
Market price on non-voting shares — TSE				
High	<b>\$24.30</b>	\$ 28.35	\$ 24.45	\$ 13.50
Low	<b>\$17.00</b>	\$ 20.60	\$ 13.75	\$ 12.00
Market price of non-voting shares — NYSE				
High (\$US)	<b>\$16.13</b>	\$ 20.44	\$ 17.88	\$ 9.75
Low (\$US)	<b>\$10.88</b>	\$ 13.19	\$ 8.88	\$ 8.75

## NOTES

(1) Operating results and per share information have been prepared on a combined basis, proportionately consolidating the Company's 57.5% interest (76% to April 1998, 66% to December 31, 1996, and 57.5% to October 31, 1996) in Network TEN. Net earnings are the same as net earnings reported in the audited consolidated financial statements.

(2) Financial results are presented on a pro forma basis which fully consolidates the accounts and historical results of Global Ventures Western Ltd. and its subsidiaries. Prior to the acquisition of control of this subsidiary in December 1989, the Company accounted for its 61% equity investment using the proportionate method of consolidation.

(3) Earnings before amortization, deferred income taxes, interest in earnings of equity accounted affiliates, realization of cumulative translation adjustments, gain on disposition of long-term investment and minority interests.

1995	1994	1993	1992	1991	1990 <sup>(2)</sup>	1989 <sup>(2)</sup>	1988 <sup>(2)</sup>	1987 <sup>(2)</sup>
552,168	462,136	406,368	243,850	225,262	212,418	186,919	141,624	125,677
158,344	122,089	92,866	65,219	59,225	49,051	40,479	31,902	31,587
28.7%	26.4%	22.9%	26.7%	26.3%	23.1%	21.7%	22.5%	25.1%
9,132	1,191	—	—	—	—	—	—	—
79,987	44,716	25,956	14,860	9,023	2,437	6,291	6,740	6,401
70,383	44,716	25,956	14,860	9,023	2,437	6,291	6,740	6,401
97,067	68,123	46,671	33,412	24,197	14,395	16,592	18,051	15,044
\$ 0.58	\$ 0.35	\$ 0.21	\$ 0.13	\$ 0.10	\$ 0.02	\$ 0.04	\$ 0.05	\$ 0.05
\$ 0.57	\$ 0.34	\$ 0.20	\$ 0.13	\$ 0.10	\$ 0.02	\$ 0.04	\$ 0.05	\$ 0.05
\$ 0.70	\$ 0.53	\$ 0.39	\$ 0.29	\$ 0.27	\$ 0.15	\$ 0.16	\$ 0.18	\$ 0.15
\$ 0.69	\$ 0.52	\$ 0.35	\$ 0.27	\$ 0.27	\$ 0.15	\$ 0.16	\$ 0.18	\$ 0.15
711,717	661,004	554,105	349,530	321,308	295,711	199,185	203,350	167,127
12,593	9,135	8,309	5,860	4,359	6,035	4,907	11,510	16,290
228,179	248,670	301,442	182,377	241,547	249,285	9,357	15,879	6,275
257,340	192,491	106,439	79,511	6,307	(1,211)	51,649	48,147	43,684
257,340	192,491	106,439	79,511	6,307	(1,211)	31,649	28,147	23,684
31.30%	29.90%	28.00%	34.80%	354.10%	16.00%	21.00%	26.00%	26.70%
137,956,061	128,581,306	120,830,639	116,744,926	88,646,104	88,646,104	88,646,104	88,646,104	88,646,104
19,098,203	27,682,604	11,765,261	10,940,819	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
\$ 7.13	\$ 5.34	\$ 3.27	\$ 2.19	—	—	—	—	—
\$ 4.06	\$ 2.88	\$ 1.89	\$ 1.60	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—



# Shareholder Information

## CANWEST SHARES AND STOCK EXCHANGE

The Subordinate Voting Shares and Non-Voting Shares of the Company are listed on the Toronto and Winnipeg Stock Exchanges under the symbols CGS.S and CGS.A respectively. The Non-Voting Shares of the Company are also listed on the New York Stock Exchange under the symbol CWG.

Issued and outstanding shares as at August 31, 1999 were comprised of:

### ■ MULTIPLE VOTING SHARES

78,040,908

### ■ SUBORDINATE VOTING SHARES

67,706,697

### ■ NON-VOTING SHARES

3,847,291

Each of the share classes has a different number of votes per share. There are ten votes per Multiple Voting Share and one vote per Subordinate Voting Share. Non-Voting Shares do not vote, except at meetings where the holders of such shares would be entitled by law to vote separately as a class.

CanWest Global Communications Corp. is a constrained-share company, of which at least 66.7% of the voting shares must be beneficially owned by persons who are Canadian citizens or corporations controlled in Canada. There is no limit on the number of Non-Voting Shares that a non-Canadian can hold.

Any Canadian citizen purchasing Non-Voting Shares can present them for registration as either Subordinate Voting Shares or Non-Voting Shares. Non-Voting Shares can be purchased by anyone, Canadian or otherwise. Subordinate Voting Shares purchased by a non-Canadian will, upon registration of transfer, be converted into Non-Voting Shares.

## DIVIDENDS

The Company pays cash dividends on a semi-annual basis. Each class of shares participates equally in dividends. For the year ended August 31, 1999, semi-annual cash dividends of \$0.15 per share were paid in each of October 1998 and April 1999.

## DIVIDEND REINVESTMENT PLAN

Under the terms of the Company's Dividend Re-investment Plan, all shareholders have the right to apply their dividends to purchase Subordinate Voting Shares or Non-Voting Shares from the Company's treasury at a price equal to 95% of the weighted average of the closing prices for the shares on each of the five trading days immediately preceding the dividend payment date.

## GROWTH IN MARKET VALUE OF CANWEST

Assuming an investment of \$100 and the reinvestment of dividends, the growth in market value for the last five years of CanWest's Subordinate Voting Shares, compared to the same \$100 invested in the TSE 300 and the TSE Broadcasting indices. CanWest's shares have clearly outperformed both of these leading comparatives.

## **FINANCIAL REPORTING CALENDAR**

Registered shareholders of the Company automatically receive the Annual Report, Quarterly Reports, the Annual Information Form, the Management Proxy Circular relating to the Annual General Meeting, and various other important documents and notices distributed by the Company.

Following are the anticipated dates on which the Company will release its fiscal 1999 Quarterly results to shareholders:

- ▶ **FIRST QUARTER FINANCIAL RESULTS:**  
JANUARY 11, 2000
- ▶ **SECOND QUARTER AND SIX MONTHS FINANCIAL RESULTS:** APRIL 11, 2000
- ▶ **THIRD QUARTER AND NINE MONTHS FINANCIAL RESULTS:** JULY 5, 2000
- ▶ **FOURTH QUARTER AND YEAR END FINANCIAL RESULTS:**  
NOVEMBER 7, 2000

## **EXECUTIVE STOCK OPTION PLAN**

The Company has adopted an Executive Stock Option Plan under which eligible CanWest executives are entitled to receive options to acquire Subordinate Voting Shares or Non-Voting Shares. The Board of Directors administers the Executive Stock Option Plan and establishes the option price on the date on which any options are granted. In all cases, the option price has been the market value of the shares as at the date the option was granted. The aggregate number of Subordinate Voting Shares and Non-Voting Shares reserved for issue under any options for service or other employee stock purchase or options plans established from time to time, may not exceed an aggregate of approximately 13.8 million Subordinate Voting Shares or Non-Voting Shares, and no individual optionee may hold options to purchase Subordinate Voting

Shares or Non-Voting Shares in excess of 5% of the issued outstanding Subordinate Voting Shares or Non-Voting Shares at the date of the grant of the option. During fiscal 1999, 67,800 options were granted under the Executive Stock Option Plan, at \$21.40 per share.

## **SHARE PERFORMANCE – SUBORDINATE VOTING SHARES (TSE)**

CanWest's stock price has increased twelve-fold since it became a public company trading on the Toronto Stock Exchange in October 1991. \$1,000 invested in CanWest at the time of the Initial Public Offering, was worth \$11,930 on August 31, 1999, after assuming re-investment of dividends.

# Board of Directors

THE CANWEST GLOBAL COMMUNICATIONS CORP. BOARD OF DIRECTORS IS COMPRISED OF 11 MEMBERS – FOUR ARE EMPLOYEES OF THE COMPANY, WHILE THE OTHER SEVEN ARE INDEPENDENT DIRECTORS. THE FULL BOARD MEETS QUARTERLY WHILE THE EXECUTIVE COMMITTEE OF THE BOARD – COMPRISED OF I.H. ASPER, PETER VINER, DAVID ASPER, LEONARD ASPER, DON GORDON AND LLOYD BARBER – MEETS EVERY SIX WEEKS.



## BOARD OF DIRECTORS

(From left to right)

Donald M. Gordon

The Honourable Frank McKenna

Sheelagh Whittaker

I.H. Asper

Peter D. Viner

Gail S. Asper

Dr. Lloyd I. Barber

Leonard J. Asper

(Back)

David A. Asper

Jalynn H. Bennett

(Missing)

The Honourable Willard Z. Estey

### I.H. Asper, O.C., Q.C., LL.D., Ph.D.

*Executive Chairman, CanWest Global Communications Corp.*

Mr. Asper is the Company's founder, and Executive Chairman. He focuses his attention on developing and ensuring the execution of the Company's long-term strategic direction goals and the path which will be charted to reach them.

### Peter D. Viner

*Vice-Chairman, CanWest Global Communications Corp.*

Mr. Viner is Vice-Chairman of the Company. He was elected to the Board in January 1998. From 1997 to 1999 he served as President and Chief Executive Officer of the Company and prior to that was President and Chief Executive Officer of Network TEN in Australia.



### **Leonard J. Asper**

*President and Chief Executive Officer,  
CanWest Global Communications Corp.*

Mr. Asper is President and Chief Executive Officer of the Company. He was elected to the Board of Directors in 1997. Mr. Asper has been with the Company for eleven years. He was most recently Executive Vice-President and Chief Operating Officer.

### **David A. Asper**

*President, Daremax Enterprises  
Executive Committee*

Former Executive Vice-President of CanWest Global Communications Corp., Mr. Asper is currently President of Daremax Enterprises, a Winnipeg-based private investment company. He is also Managing Director of Creswin Properties and Vice-Chairman of Center Venture, a not-for-profit corporation.

### **Gail S. Asper, LL.B.**

*Corporate Secretary, CanWest Global  
Communications Corp.*

Ms. Asper has been Corporate Secretary of the Company since 1990 and from 1991 to 1998 served as Corporate Counsel. Ms. Asper also acts as President of the CanWest Global Charitable Foundation, which leads the Company's numerous charitable activities.

### **Dr. Lloyd I. Barber, C.C., LL.D.**

*President Emeritus, University of Regina*

Dr. Barber is President Emeritus of the University of Regina. He was appointed an Officer of the Order of Canada in 1978 and was elevated to Companion of the Order in 1993. He serves as a Director of several major public Canadian companies and was elected to the Board in 1992.

### **Jalynn H. Bennett**

*President, Jalynn H. Bennett &  
Associates Ltd.*

Ms. Bennett is President of Jalynn H. Bennett & Associates Ltd., a Toronto-based consulting firm. She has served, and continues to serve on a number of corporate and not-for-profit boards in Canada. Ms. Bennett was elected to the Board in January 1998.

### **The Honourable Willard Z. Estey, C.C., Q.C., LL.D.**

Mr. Estey has been a practicing lawyer, Chief Justice of Ontario and a Justice of the Supreme Court of Canada. He has served on three Royal Commissions and is a Companion of the Order of Canada. Mr. Estey has served on the Board of Directors since 1991.

### **Donald M. Gordon, F.C.A.**

*President, Seedhouse Holdings Ltd.*

Mr. Gordon is President of Seedhouse Holdings Ltd., a Winnipeg-based private investment company. A Fellow of the Institute of Chartered Accountants of Manitoba, he has been associated with CanWest for many years. Mr. Gordon has been a member of the Board of Directors since 1985.

**In July 1999, Executive Chairman I.H.**

**Asper was pleased to announce the appointment of two new members to the Board of Directors. Sheelagh Whittaker and the Honourable Frank McKenna, P.C. are two outstanding and proven leaders in business and government and provide the Company with unparalleled strength as it moves into the next century.**

### **Sheelagh Whittaker**

*Chief Executive Officer,  
EDS Systemhouse Inc.*

Appointed to the Board in July 1999, Ms. Whittaker is Chief Executive Officer of EDS Systemhouse Inc. EDS Systemhouse is the country's leading provider of information technology services. Ms. Whittaker also serves on several public company Boards, including that of one of Canada's major banks. She was previously President and Chief Executive Officer of Canadian Satellite Communications Inc., a major provider of satellite services.

### **The Honourable Frank McKenna, P.C.**

*Counsel, McInnes Cooper & Robertson*

Appointed to the Board in July 1999, Mr. McKenna is the former Premier of the Province of New Brunswick. In October 1987, Mr. McKenna led his party to unprecedented victory in a general election, winning every seat in the province. In 1997, after ten years as Premier, Mr. McKenna resigned and returned to private life, joining the Moncton office of the law firm McInnes Cooper & Robertson as Counsel.

# Executive Management

CANWEST'S EXECUTIVE MANAGEMENT TEAM HAS LONG BEEN CONSIDERED ONE OF ITS KEY STRENGTHS. DIRECTED BY A SMALL GROUP IN THE COMPANY'S HEAD OFFICE IN WINNIPEG, THIS TEAM LEADS AND DIRECTS ACTIVITIES AROUND THE WORLD. AS WELL THE OPERATIONAL HEADS IN EACH OF THE BUSINESS UNITS ARE INDUSTRY LEADERS AND INNOVATORS IN THEIR OWN RIGHT. THE TEAM IS LEAD BY THE FOLLOWING:

**I.H. Asper,**  
O.C., Q.C., LL.D., Ph.D.  
*Executive Chairman*

Mr. Asper has had a distinguished career as a lawyer, journalist, legislator, business executive and entrepreneur. As Executive Chairman, his primary focus is on the long term, external growth and development of the Company.

One of Canada's most celebrated business leaders, Mr. Asper has won countless awards over the years. One of the most prestigious was his induction as an Officer of the Order of Canada in 1995. Among his many accolades, in 1996 he was inducted into the Canadian Business Hall of Fame, an organization which honours the outstanding contributions made by Canadians toward the growth and development of Canada; he was the 1997 recipient of the International Distinguished Entrepreneur Award,

presented by the University of Manitoba's Faculty of Management; he was bestowed an Honourary Doctor of Law Degree by the University of Manitoba, and in June 1999, Mr. Asper received an Honourary Doctor of Philosophy from the Hebrew University.

**Leonard Asper**  
*President and Chief Executive Officer*

Mr. Asper, a lawyer, joined CanWest in 1991 as Associate General Counsel for the Company's Global Television station in Ontario. Thereafter, he held various positions in Corporate Development, and most recently was Chief Operating Officer. He serves as Chairman of the Board of the Global Television Network and various other CanWest Global subsidiaries.

**Peter Viner**  
*Vice-Chairman*

Mr. Viner first joined the CanWest group at its inception in 1974 and was appointed as Chief Executive Officer in August 1997 when Company founder I.H. Asper stepped down. On September 1, 1999, he moved to the position of Vice-Chairman when, as part of a long-term succession plan, Leonard Asper was appointed Chief Executive Officer. Mr. Viner has held several senior executive positions with the Company, earning a reputation in the industry as a "turnaround wizard". He has also played an integral role in the overall strategy of CanWest.

### **Tom Strike**

*Chief Operating Officer*

Mr. Strike, a chartered accountant works closely with the Executive Chairman and the President and Chief Executive Officer on a majority of the Company's operating issues. Formerly the Chief Financial Officer of the Company, Mr. Strike is actively involved in all aspects of the corporate operations including development and financing issues.

### **Harry Ethans**

*Executive Vice-President,  
Corporate Development*

Mr. Ethans was appointed Executive Vice-President, Corporate Development in November 1998. He was most recently Vice-President, Business Development at Ensis Corporation. Prior to that he was responsible for mergers and acquisitions at Federal Industries. He also has earlier experience with CanWest Capital Corporation, the forerunner of today's CanWest Global Communications Corp. Mr. Ethans is responsible for the Company's overall corporate development initiatives.

### **John Maguire**

*Vice-President, Finance and  
Chief Financial Officer*

Mr. Maguire is responsible for all of the Company's financial and corporate accounting activities. A Chartered Accountant, Mr. Maguire also works closely with the Company's bankers and auditors, and maintains communication with financial communities throughout North America.

### **Richard Leipsic**

*Vice-President and General Counsel*

A senior partner with the Winnipeg-based legal firm Pitblado Buchwald Asper, Mr. Leipsic has been associated with CanWest for years as outside legal counsel and as a corporate development advisor. Mr. Leipsic joined CanWest in January 1999 and is responsible for all legal affairs and has become an integral part of the development team. Mr. Leipsic has practiced commercial law since 1975.

### **Gail Asper**

*Corporate Secretary*

Ms. Asper, a lawyer, has been with the Company since 1989 serving as General Counsel until 1998. While her primary responsibilities relate directly to the Company's Board of Directors, she is also President of the CanWest Global Charitable Foundation and chairs the Company's Community Support Committee. She also serves on the Executive Management Committee and Board of Directors.

## **Operations**

### **Jim Sward**

*President and Chief Executive Officer,  
Global Television Network*

Mr. Sward joined CanWest in 1993 and has piloted the Global Television Network to a position of dominance, both financially and in terms of audience ratings. A member of the board of the Canadian Association of Broadcasters (CAB), Mr. Sward has twice been named the CAB's Broadcaster of the Year.

### **Jay Firestone**

*Chairman and Chief Executive Officer,  
CanWest Entertainment Inc.*

Mr. Firestone, a chartered accountant, founded Fireworks Entertainment in 1995. He remained in the leadership position when CanWest acquired the company in May 1998 by way of a friendly takeover bid. Under Mr. Firestone's leadership, Fireworks has emerged as one of Canada's largest integrated production, distribution and financing companies.

### **Graeme Hunter**

*Managing Director,  
TV3 and TV4 Television Networks,  
New Zealand*

Prior to joining TV3 in 1993 as Deputy Managing Director, Mr. Hunter had a distinguished 20-year career in the advertising business. In 1996, he assumed the top management position at the Network.



### **Gerry Noble**

*Chief Executive Officer,  
CanWest Pacific Communications,  
Australia*

Mr. Noble oversees CanWest's business growth and corporate development throughout the South Pacific. He has held several senior executive positions since joining the Company in 1985. In 1992, he moved to New Zealand where he led the financial turnaround of TV3. From 1993 to 1996, he was Managing Director and Chief Executive Officer of the Network. Mr. Noble represents the Company on relevant Boards of Directors in Australia and New Zealand.

### **John McAlpine**

*Chief Executive Officer,  
Network TEN, Australia*

Mr. McAlpine has been active in the Australian television industry since 1970 and with Network TEN for more than 20 years. In July 1997, he succeeded Peter Viner to assume the leadership position at TEN. Prior to this appointment, Mr. McAlpine served as General Manager, Network Sales at TEN. He has a proven record of performance and excellence along with strong leadership skills.

### **Brent Impey**

*Chief Executive Officer,  
More FM Radio Group, New Zealand*

One of New Zealand's most experienced radio executives, Mr. Impey was appointed Chief Executive Officer, More FM in June 1998. A lawyer and former Executive Director of the Radio Broadcasters' Association, the Mobil Radio Awards voted Mr. Impey Broadcaster of the Decade in 1990, and that same year he was awarded the New Zealand Commemoration Medal for Services to Broadcasting.

### **Rick Hetherington**

*Chief Executive Officer,  
TV3 Television Network, Ireland*

Mr. Hetherington oversaw the start up operation of TV3, the Republic of Ireland's first private television network that launched on September 20, 1998. Prior to this appointment in January 1998, he was General Manager of the Global Television Network station in Winnipeg. Mr. Hetherington has over 20 years experience in television management, and extensive experience in production, marketing, sales and promotion.

# Corporate Information

## MANAGEMENT

**I.H. Asper, O.C., Q.C. LL.D, Ph.D.**  
*Executive Chairman*

**Peter D. Viner**  
*Vice Chairman*

**Leonard J. Asper**  
*President and  
Chief Executive Officer*

**Thomas C. Strike**  
*Chief Operating Officer*

**John E. Maguire**  
*Vice-President, Finance  
and Chief Financial Officer*

**Harry T. Ethans**  
*Executive Vice-President,  
Corporate Development*

**Richard Leipsic**  
*Vice-President  
and General Counsel*

## INVESTOR RELATIONS

**John E. Maguire**  
*Vice-President, Finance  
and Chief Financial Officer*  
(204) 956-2025

## GENERAL INQUIRIES

**Bruce Leslie**  
*Director, Communications*  
(204) 956-2025  
bleslie@canwest.com

## CORPORATE HEADQUARTERS

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Fax: (204) 947-9841

## WEBSITES

**Corporate**  
[www.canwestglobal.com](http://www.canwestglobal.com)

**Global Television**  
[www.globaltv.com](http://www.globaltv.com)

**Network TEN Australia**  
[www.ten.com.au](http://www.ten.com.au)

**TV3 New Zealand**  
[www.tv3.co.nz](http://www.tv3.co.nz)

**More FM New Zealand**  
[www.morefm.com](http://www.morefm.com)

## REGISTRARS AND TRANSFER AGENTS

The Montreal Trust  
Company of Canada,  
Winnipeg, Canada

Bank of Nova Scotia Trust  
Company of New York  
New York City, USA

## AUDITORS

PricewaterhouseCoopers LLP  
Winnipeg, Canada

## BANKERS

The Bank of Nova Scotia

The Toronto Dominion Bank  
Canadian Imperial Bank  
of Commerce

Royal Bank of Canada  
Bank of Montreal

Bank of America Canada  
National Bank of Canada

Sanwa Bank Canada

Societe Generale (Canada)

Bank of Tokyo-Mitsubishi (Canada)

Banca Commerciale Italian  
of Canada

Paribas Bank

## LEGAL COUNSEL

Pitblado Buchwald Asper  
Winnipeg, Canada

Tory Tory  
Toronto, Canada

Osler Hoskin & Harcourt  
Toronto, Canada

Kaye, Scholer, Fierman,  
Hays & Handler, LLP  
New York City, USA

Clayton Utz  
Sydney, Australia

Russell McVeigh McKenzie  
Bartleet & Co.  
Auckland, New Zealand

A & L Goodbody, Dublin  
Republic of Ireland

## CANADIAN OPERATIONS

### Global Television Network

81 Barber Greene Road  
Don Mills, Ontario, Canada M3C 2A2  
Telephone: (416) 446-5311 or  
1 (800) 387-8001 (toll free)  
Fax: (416) 446-5449

James F. Sward

*President and Chief Executive Officer*

### CanWest Entertainment Inc.

Third Floor, 111 George Street  
Toronto, Ontario, Canada M5A 2N4  
Telephone: (416) 360-4321  
Fax: (416) 364-4388

Jay Firestone

*Chairman and Chief Executive Officer*

### Fireworks Entertainment Inc.

Third Floor, 111 George Street  
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Adam Haight

*President*

## INTERNATIONAL OPERATIONS

### CanWest International Communications Inc.

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Fax: (246) 437-0780

Yale Lerner

*Chief Executive Officer*

### CanWest Pacific Communications Pty. Ltd.

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Sydney, NSW, Australia 1230  
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Fax: (61) (2) 9279-4977

Gerry Noble

*Chief Executive Officer*

### Network TEN

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Pyrmont, NSW, Australia 2009  
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Fax: (61) (2) 9650-1111

John McAlpine

*Chief Executive Officer*

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Auckland, New Zealand  
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Fax: (64) (9) 366-5999

Graeme Hunter

*Managing Director*

### TV4 Television Network

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Auckland, New Zealand  
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Fax: (64) (9) 302-2103

### More FM Radio Group

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Wellington, New Zealand  
Telephone: (64) (4) 499-5000  
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Brent Impey

*Chief Executive Officer*

### TV3, Republic of Ireland

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Rick Hetherington

*Chief Executive Officer*

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Greg Phillips

*President*

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Hollywood, California, USA  
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Fax: (323) 464-8305

Danny Diamond

*President*

## NOTICE OF ANNUAL MEETING

The Company's Annual General Meeting of Shareholders will be held on Thursday, January 20th, 2000 at 2:30 P.M. at the Royal York Hotel, Toronto, Ontario.

**1998 ANNUAL REPORT** Gold Winner Media & Communications, presented by the Canadian Institute of Chartered Accountants and the National Post; Award of Distinction, The Communicator Awards "CANWEST CONNECTIONS" Award of Excellence, The Communicator Awards



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